Minutes of the Board of Directors meeting held on 26th October 2011 in the Boardroom, Royal Brompton Hospital, commencing at 2 pm

Present:	Sir Robert Finch, Chairman	SRF
	Mr Robert Bell, Chief Executive	BB
	Mr Richard Connett, Trust Secretary & Head of Performance	RCo
	Mr Richard Paterson, Associate Chief Executive – Finance	RP
	Mr Robert Craig, Chief Operating Officer	RCr
	Mr Nicholas Coleman, Non-Executive Director	NC
	Pr 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	NL
	Pr Sir Anthony Newman Taylor, Non-Executive Director	ANT
	Dr Caroline Shuldham, Director of Nursing & Clinical Governance	CS
By Invitation:	Mr Nick Hunt, Director of Service Development	NH
	Ms 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
	Ms Joanna Axon, Director of Capital Projects & Development	JA
	Pr Margaret Hodson, Pr of Respiratory Medicine/Hon Consultant Physician	MH
	Mr Richard Goodman, Director of Pharmacy and Medicines Management	RG
	Ms Sue Petersen, Senior Nurse/Matron/Named Nurse Safeguarding Children	SP

In Attendance: Mr Anthony Lumley, Corporate Governance Manager (minutes)

Apologies: None

2011/76 MINUTES OF THE PREVIOUS MEETING HELD ON 27 JULY 2011

The minutes of the meeting were approved.

Matters Arising

SRF said BB would be covering the BRUs in his verbal report.

2011/77 REPORT FROM THE CHIEF EXECUTIVE

BB gave verbal updates on the following items:

The National Institute for Health Research (NIHR) has awarded a grant of nearly £20m over five years for the Trust's two Biomedical Research Units (BRUs). NL expressed his thanks to those who had led the applications and asked that a note of this be made available to those involved.

Reporting on the judicial review hearing into the Safe and Sustainable Review of Children's Congenital Heart Services in England, BB said a ruling was still awaited.

On 17 October 2011, Sir Liam Donaldson had hosted a meeting the aim of which was for the 3 centres - RBHFT, Guy's & St Thomas' (GST), and Great

Ormond Street Hospital for Sick Children (GOSH) - to reach a coherent agreement irrespective of the judicial review. Ruth Carnall, Chief Executive of NHS London, was in attendance. Sir Liam Donaldson produced a summary document showing what he thought had been agreed at the previous meeting of the group. Dr Jane Collins indicated that she did not agree with the points in the summary document. The meeting was concluded without progress being made and it was decided that the group would not meet again until the result of the judicial review was known

Review of Congenital Heart Disease
This is being led by Professor Sir Roger Boyle with the same secretariat used for the paediatric review. BB said he had seen a minute of an advisory group which contained some disturbing information, so he had written to Professor Boyle and set out his concerns. Three clinicians shown in the minutes to be from RBHFT have been indentified by their clinical associations to participate in the review. The Trust had no involvement in their nomination.

National Review of Transplantation
This review is being led by the National Specialised Commissioning Team (NSCT). The Trust has prepared a 70 page business case for submission to the national review.

TE added that a local review of recent heart transplantation at Harefield had been conducted by Professor Robert Bonser (transplant surgeon at Birmingham) and Dr Jayan Parameshwar (transplant cardiologist at Papworth) for NSCT. They had looked at the notes of 14 patients who had received transplants over a 15 month period during which the trigger for excess deaths had been reached. He noted that 3 patients have received heart transplants since this time all of whom continue to do well. The meeting was extremely constructive, and Professor Bonser and Dr Parameshwar had expressed satisfaction with the information supplied to them by the Trust and complimented the Trust on self reporting concerns. The formal report is expected 4 weeks after the visit, and so is due shortly.

Relocation
SRF reported that, with BB, he had met with Leszek Borysiewicz, Vice-Chancellor of the University of Cambridge. Papworth Hospital's plan to rebuild their hospital on the Addenbrooke's site under a PFI finance arrangement had been discussed. SRF and BB had made it clear that if Papworth Hospital goes ahead with a PFI, it will do so without the prospective involvement of RBHFT. A second phase rebuild of RBHFT alongside the Papworth PFI had been suggested by Papworth, but BB and SRF had indicated that they did not think that this would be satisfactory.

Imperial College – Academic Health Science Partnership
SRF updated the Board on discussions with Imperial College in relation to the AHSP. These had been helpful and are progressing. Lord Darzi's final paper will set out how the AHSP will be created and advanced in north west London.

TE added that the pan-London cardiovascular reviews meant that discussions with ICHT about closer working arrangements were becoming increasingly important.

ANT said that Lord Darzi had consulted with most of the Trusts in NWL and that his report is expected within the next month.

JH asked if services would be moved in and out to support that vision or support Imperial College. TE replied that it was a combination of the two. BB added that the reviews were driven by pressure and the need for change. The cardiovascular review of London is like the JCPCT in miniature and is forcing 'marriages of convenience'. BB said that there was nothing substantial to report from the Cancer review which is ongoing.

NL commented on the apparent concession from the government, as the Health and Social Care Bill passes through the House of Lords, which would see the Secretary of State remain as the accountable person for commissioning rather than this responsibility pass to the National Commissioning Board.

Owing to the importance of these deliberations, SRF invited questions from members of public on them. David Potter and John Ross commended the Trust's approach especially given the complexity of the situation and said that they had every confidence that the Board and the executive would be able to manoeuvre the Trust into a strong position.

2011/78 CLINICAL QUALITY REPORT FOR MONTH 6: SEPTEMBER 2011

RCo presented Paper A. He said the report also included incident reports for M4 & M5.

Q2 Monitor Declaration

RCo drew the Board's attention to the Q2 Monitor Declaration. The main focus is compliance with the *Clostridium difficile* objective. Following the Q1 decision by the Board in July to declare compliance and also enter 'in dispute' next to the *C difficile* metric, a formal letter had been sent to the Department of Health (DH) on 12th August 2011 stating that the Trust disputed *the Clostridium difficile* objective set by DH. Following the Q1 declaration, Monitor had written to the Trust stating that the Trust governance rating had been down-graded to amber green because of performance against the *Clostridium difficile* objective set by DH. RCo said the consequence for the Trust if this rating is repeated over 3 quarters, or the Trust breaches the full-year objective, are that Monitor could override escalate the rating to red, at which point the Trust might be deemed to be in significant breach of its authorisation.

On 30 September the Department of Health (DH) published a ready-reckoner which is intended to help take into account the change to more sensitive testing. The impact of the ready-reckoner would appear to be that it changed our objective from 7 to 28. In Quarter 2 the Trust reported 5 clinically significant cases to the Health Protection Agency against 2 allowed for in the DH objective. With the ready-reckoner this would have been 12 detected cases against 7 calculated by the ready-reckoner, so by both measures the Trust has failed against the DH objective.

On 11 October a meeting had been held between BB, the Director of Commissioning for NHS North West London (NWL), the NHS London lead for the HCAI, with CS, NH and RCo also present. At this meeting NWL

expressed sympathy for RBHFT's position and indicated that they would help RBHFT in its discussions with Monitor.

In view of the fact that the Clostridium difficile objective remains in dispute, and that Trust performance is significantly better than the London and national average, RCo recommended that the Board declare that the target is met.

The Board debated this recommendation. NL asked how a target could be declared as met when it hadn't been? ANT concurred with NL and asked how the DH arrived at their figure? RCo said DH had taken a 12 month period from 1st October 2009 to 30th September 2010, during which the Trust had reported 8 cases to the HPA. DH had then set a *Clostridium difficile* objective of 7 in order to set a target requiring improvement. RCo reiterated that his recommendation was based on the very good HCAI performance of the Trust compared to other hospitals both locally and nationally (e.g. current *Clostridium difficil*e rates approx one third of the national level). The question was whether the Board should take a view not only on the narrow definition of a specific (and disputed) threshold, but consider the Trust's overall performance on prevention and control of infection, including the consequence of declaring 'not met', which could be to mislead patients and commissioners about the quality and safety of the Trust's services in this regard. RCo confirmed that while the Trust can enter 'in dispute' against the threshold in the Monitor return, it can only declare either 'met' or 'not met' with no provision for further explanation,. Responding to suggestions from NL that further meetings could be asked for, or that the Trust could decline to make a declaration, BB said that failure to make a declaration would itself be a breach of the Compliance Framework.

SRF asked if the Trust could state why the objective is in dispute. RCo said that a letter could be sent to the Relationship Manager.

The Board agreed to declare 'met', enter 'in dispute' in the relevant field, and requested that RCo send an explanatory letter to the Trust's Relationship Manager at Monitor.

RCo drew to members' attention his recommendation that the Board should make Declaration 1 for the Q2 Quality Declaration. The Board approved submitting Declaration 1.

The Board NOTED Sections 7 and 8 of the report (Controlled Drugs Governance and Activity, and Modern Matron's Report which were presented by Richard Goodman and Sue Petersen respectively)

The Board acknowledged the great progress made in hand hygiene compliance. NC said the Risk & Safety Committee had received an excellent report from the Modern Matrons and noted that hand hygiene compliance had moved on from 60% to 80%. SP gave the view that this was partly attributable to a change of attitude with more people involved than just nursing staff and everyone taking responsibility. CS said a lot of work had been carried out between all the disciplines. NC said there was an improved culture of compliance and the Risk & Safety Committee had supported the next stage proposed, a target of 90%. TE agreed that, incrementally, the bar was being raised.

JH asked if hospital cleanliness is included in the proposed shared contract with other hospitals and if it is, can it be benchmarked. RCr answered that this was a challenging area and that the tender presentations were due to be made next week. He expected to bring a final recommendation to the next meeting of the Trust Board in November.

2011/79 FINANCIAL PERFORMANCE REPORT FOR MONTH 6: SEPTEMBER 2011

Presenting the report, RP highlighted that two new KPIs had been added to the summary sheet: length of stay and bed occupancy.

For the first 5 months of year the Trust had tracked Plan pretty closely, marginally behind on income but spot on with overall expenditure, generating a small surplus of less than £1m to the end of M5, scarcely better than break even and less than 1% of revenues. RP characterised M6 as not a good month in terms of performance. The Trust was generating nearly £25m of income each month so missing the income target for one month by just 2%, or exceeding the expenditure budget by the same amount, would hit our bottom line by £500k and could easily turn a surplus into a deficit at the Trust's low levels of financial return. The net result for M6 was a deficit of £200k contributing to a YTD surplus of just £650k against a plan of £1,250k. There has been a hard look at the reasons for the M6 outturn. Management had come to the conclusion that the cause is a case-mix issue within specialty groups, the effect of which has been exacerbated by the low level of surplus the Trust generates. RP assured the Board that management continues to work to identify and eliminate surplus cost and maximise revenues.

NC commented that October (M7) was always a critical month in that it was almost the last opportunity for financial interventions to be made and still have material impact on the full year financial results. He therefore asked what the Finance Committee had concluded from their recent meeting in this respect. NL, chairman of the Finance Committee, assured the board that on the basis of the Trust's performance to date they had concluded that the financial target should still be achievable – though of course this was based on YTD results and unforeseen things could still occur in the future.

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Cash held at 30 September was £6.3m which was equivalent to 8.6 days' operating costs which would trigger the Monitor early warning level of less than 10 days of cash. However, cash is ahead of plan and liquidity is robust. Capex was also back on track and on plan.

Monitor Financial Risk Rating Reporting

RP reminded the Board, that each quarter it is required to make a Declaration to the effect that 'the Board anticipates that the Trust will continue to maintain at least an FRR of 3 over the next 12 months'. He was comfortable with recommending that the Board should approve the Declaration, notwithstanding the potential impact of the Safe and Sustainable judgement going against the Trust as the effects of this would not be felt before 2012/13.

The Board agreed to make a declaration of FRR3 as at 30 September.

RP informed the Board of a change in financial reporting when the Trust

reports this year's financial results. For the treatment of donation reserves in relation to fixed assets, when the Trust receives a grant in future, it will have to take that value to the income and expenditure account immediately. This would mean presenting results which might not reflect underlying trading. This in turn could impact on the quarterly Declarations to Monitor. Whereas in some periods the Trust will show a healthy position when a grant is received, this will be offset in other months as we will receive no accounting benefit from this grant as hitherto. Monitor is aware of this impact and is considering how best to deal with it.

Noting in the report that day case activity is up 7.1% YTD, JH asked if RBHFT is constrained by being a specialised hospital. RCg said there had been more activity in the Royal Brompton site and paediatrics and cardiology had also pushed up the figures. This could not be viewed as a day case 'flip' but reflected a more nuanced change. He added that this underlines the fact that the Trust's profit is such a small percentage of turnover. The Trust ideally should be making a profit of £0.8 to £1m per month.

RP concluded his finance summary by giving a report on a meeting of the Association of United Kingdom University Hospitals Directors of Finance. Finance Directors from both Foundation Trusts and NHS Trusts had been present. The purpose of the meeting had been to share ideas on how to meet the current year's savings plans. Some other Trusts had FSP targets of 8-9%, compared to RBHFT's target of 4.5%. A picture had emerged of Trusts finding it difficult to meet their targeted reductions for 2011/12 and looking with even more concern at 2012/13 where similar levels of cost reductions were planned. While this demonstrated that it was becoming progressively harder to shave costs year on year, it is of some consolation that, in comparison to other hospitals, the Trust is on target to achieve its FSP.

NC complimented the operations and finance teams on their efforts, a view echoed by other Board members.

The Board NOTED the report.

2011/80 RESEARCH UPDATE AND SCORECARD

TE presented Paper C, the research update and scorecard. He drew Board members attention to academic promotions with Imperial College.

ANT asked, given the high level of overhead that comes with applying for different grants, what is the overhead recovery rate? TE replied that the Trust does well in terms of industry overheads but others do not reimburse.

JH asked if it was becoming increasingly harder for clinicians to find time to undertake research. TE said the Trust addresses the issue of medical sessions devoted to research through job planning and is able to backfill some research sessions. However, the gap between those who do research and those who do not is widening.

The Board NOTED the report.

2011/81 EDUCATIONAL PROVIDER BID

MH presented Paper D and outlined the proposal to provide a Dr Post Graduate Training Programme. Following a discussion with BB and TE, it had

been agreed that the Trust should bid for respiratory medicine and cardiology. MH referred to the lack of information from the London Educational Commissioners on the money available. She understood, if successful, the Trust will get money for study leave and salaries. The proposal sets out an initial bid for a £20k for Mobilisation Payment and then for £50k for the Programme Management Charge. A clear pro for supporting the application is the appropriateness of an FT that is a leader in research providing education as well. Commissioners will only allow the bid to go forward if it has the full support of the Board, the Trust agrees to the presence of the Director of Medical Education at board meetings, and education features on the agenda for all board meetings.

NL asked RP if any work had been done to assess incremental cost? RP said he also had concerns about this. He asked MH why the bid for Mobilisation amounted to £20K when the project would cost £200k? MH replied that the maximum the Trust can bid for is £20K. BB said it was inevitable that some incremental costs would pass over to RBHFT. The benefit is this will be better for training of Post Graduates. There was also a side benefit. A consideration was how can the Trust model this in a way that it straddles what we have done with Liverpool. The goal is to invite St Georges NHS Healthcare Trust into (our) partnership with Liverpool.

KO said this was an encouraging, comprehensive piece of work. She added that education should also include nursing.

SRF thanked MH for her dedication to this project. Without her interest and standing the Trust would not have been able to submit the proposals.

The Board agreed that it fully supports the application, that MH should consider the finance implications with RP, and that education should become a standing item on Board agendas.

2011/82 NATIONAL REVIEW OF ADULT CARDIOTHORACIC TRANSPLANT SERVICES

TE presented Paper E. He drew Board members attention to the Ambition by March 2012 and The Vision to 2015 and the Vision Beyond 2015. Formulating the document had helped focus Trust strategy.

BB said he thought the point of challenge would be around the number of transplants to be carried out. The review suggests that centres in the future will undertake 25 heart transplants and have 5 transplant surgeons. He noted that the Trust is the largest lung transplant service in country undertaking 80 transplants per year.

NL said that it would be helpful if the Trust Board could be directed to focus on particular issues, such as the key financial questions and that an executive summary pointing to the key issues would have been helpful . BB pointed out that the document before the Board was a template supplied as part of the review process.

The Board NOTED the report.

2011/83 RECOMMENDATIONS OF ADVISORY APPOINTMENT COMMITTEE

The Board were presented with two ratification forms for the appointment of consultant medical staff.

NC described the recruitment process for the Consultant in Cardiothoracic Surgery. The AAC had come to a recommendation based on both the quality of the candidates and best fit with the team.

JH outlined the process for the appointment of a Consultant Cardiologist in Heart Failure and Critical Care. There was a single candidate. There had been an opportunity to look at the development needs of the post. It was agreed that the candidate would require some mentoring and a secondment outside the Trust.

The Board ratified the appointment of:

- Mr Niall McGonigle as Consultant in Cardiothoracic Surgery;
- Dr Ali Vazir as a Consultant Cardiologist in Heart Failure and Critical Care.

2011/84 AUDIT COMMITTEE

(i) MINUTES OF THE MEETING HELD ON 27 JULY 2011

The Board NOTED the minutes.

(ii) REPORT FROM THE MEETING HELD ON 19 OCTOBER 2011

NL summarised the items discussed by the Audit Committee at the last meeting. A presentation had been given by KPMG, the Trust's internal auditors. This had included a Technical Update. The Committee had asked for the recommendations to be discussed with the Trust's Executive in future in order to reflect a specific, rather than general, impact.

KPMG had also reported on their review of Quality Governance and Review of Financial Management and Controls. For the former they had given the overall assurance rating 'Requires Improvement' and for the latter 'Adequate'. Given that 'Adequate' was the best that could be given for Finance Management and Controls, it was agreed this could be reported on to the Finance Committee with the comment by the Audit Committee that, for future reviews, it would be useful to include an assessment into the efficiency of financial controls.

2011/85 RISK AND SAFETY COMMITTEE

(i) MINUTES OF THE MEETING HELD ON 12 JULY 2011

The Board noted the minutes.

(ii) REPORT FROM THE MEETING HELD ON 19 OCTOBER 2011

NC reported that the Risk & Safety Committee had been active in reviewing the regular business of the Trust. The main issues covered were:

- Transplant Review: update on heart transplantation at Harefield Hospital. How best to reset the boundaries of patient risk was discussed. The committee would defer to the Board on broader issues around the national transplantation review and the external review document discussed earlier;
- Serious Incidents (SIs): these are reviewed regularly by the committee. In order to give assurance to the Board, the most serious SI are examined to see if they have been investigated properly, and to ascertain whether

- actions identified through root cause analyses really are working to prevent similar incidents happening again. Good progress has been made by the Trust on tracking recommendations;
- Risk management: an update on the refresh of the risk register processes. It was noted that the aim is to include the highest priority risks only. Regular risk reports will be included with Board papers;
- Hand hygiene: the views of the committee were reported earlier in the Modern Matrons section of the Clinical Quality Report;
- reviewed the Trust's self assessment against the Quality Governance Framework.

2011/86 NOMINATIONS AND REMUNERATION COMMITTEE REPORT

RH reported that at its meeting earlier today, the Nominations and Remuneration Committee had agreed Terms of Reference subject to incorporation of a point addressing succession planning.

The committee's recommendation to the Board is that RP is appointed Associate Chief Executive – Finance. This post being that of a full voting executive director of the Board. This was agreed.

SRF reported that the undertaking of a Board evaluation had been discussed at the Nominations and Remuneration Committee and that he had agreed to bring this to the Board for consideration.

He proposed that a working party of the board, to include equal numbers of executive and non executive board members (but excluding SRF and BB), should be set up to work with an external advisor and bring recommendations back to the Board. He asked for board members to come forwards and make themselves known if they wished to be part of the working party.

The appointment of the external advisor will be decided by SRF, BB and RCo.

The target date for completion of the Board evaluation will be March 2012. SRF said that he would speak to Ray Puddifoot about the appointment / reappointment of NEDs whose terms were about to expire with a suggestion that they be extended pending the outcome of the Board evaluation.

JH commented that the independent consultant should look at the functioning of the board.

The Board approved the process for conducting the review as set out by SRF and agreed that it would nominate equal numbers of Executive and Non Executive Directors to join the advisory group.

2011/87 REPORT FROM THE FINANCE COMMITTEE HELD ON 19 OCTOBER 2011

NL reported that bed occupancy in Private Patients was less high but was still performing well. The committee had a good debate about how to improve this. The committee would also look at the way KPMG recommendations are implemented.

2011/88 REPORT FROM THE PROPERTY COMMITTEE HELD ON 14 SEPTEMBER 2011

SRF reported that the Property Committee continues to work on available sites. In respect of the AHSP plans, the Trust is looking at a number of sites in the White City area where there is the potential to relocate the Royal Brompton Hospital in close proximity to the Imperial College campus.

2011/89 ANY OTHER BUSINESS

a) NL commented on the format of Board papers. He felt that the level of detail was not appropriate and more screening of papers should be done before they are included on the agenda. This issue should be looked at as part of the review of the Board's effectiveness.

b) SRF reminded Board members that by the next meeting the membership of the advisory group for the review of Board effectiveness should have been determined.

2011/90 QUESTIONS FROM MEMBERS OF THE PUBLIC

There were no questions from members of the public.

2011/91 DATE OF NEXT MEETING

Wednesday 30th November at 10.30 am in the Concert Hall, Harefield Hospital.