Minutes of the Board of Directors meeting held on 27 January 2010 in the Boardroom, Royal Brompton Hospital commencing at 2 p.m.

Present: Sir Robert Finch (Chairman)
Mr R Bell, Chief Executive
Mr R Craig, Director of Operations
Mrs C Croft, Non-Executive Director
Mr N Coleman, Non-Executive Director
Professor T Evans, Medical Director
Mrs J Hill, Non-Executive Director
Mr R Hunting, Non-Executive Director
Mr M Lambert, Director of Finance & Performance
Professor Sir Anthony Newman Taylor, Non-Executive Director
Dr C Shuldham, Director of Nursing, Governance & Informatics
Mr D Stark, Trust Secretary & General Counsel

By Invitation: Ms J Axon, Director of Capital Projects and Development
Ms S Callaghan, Senior Nurse/Modern Matron
Mr R Goodman, Director of Pharmacy & Medicines Management
Mr N Hunt, Director of Service Development
Ms C Johnson, Director of Human Resources
Mr P McCleery, Director of Planning & Strategy
Mr D Shrimpton, Private Patients Managing Director
Ms J Thomas, Director of Communications
Ms J Walton, Director of Fundraising

Apologies: None received

In Attendance: Mrs R Paton (minutes)

2010/1 INTRODUCTION OF NEWLY APPOINTED NON-EXECUTIVE DIRECTOR

The Chairman confirmed that Mr Neil Lerner had now been appointed as Non-Executive Director. His background was one of chartered accountancy and Neil Lerner had previously been a partner with the firm of KPMG.

2010/2 MINUTES OF THE PREVIOUS MEETING HELD ON 25 NOVEMBER 2009

The Board approved the minutes.

The Chairman raised the subject of the number of meetings which Executives and Directors were expected to attend, i.e. Trust Board, Corporate Trustee meeting, Governors' Council and other various committees. There had been a move towards a possible reduction in the number of these meetings and it had been agreed to reduce the number of Trust Boards in the year. A proposal to reduce the number of Governors' Councils from 6 to 4 had been declined by the Governors; the Governors' Council will therefore continue to meet six times in the first year but the issue may be looked at again after the first year ie from 1st June 2010.

2010/3 REPORT FROM THE CHIEF EXECUTIVE

Mr Robert Bell, Chief Executive, updated the Board on the following:

- The National Specialised Commissioning Group (NSCG) had informed the Trust that Professor Sir Ian Kennedy had been appointed Chairman of a review panel to deliver recommendations for the future configuration of children's heart surgery services in England. Recommendations were

expected in September 2010. It was not clear how this review would be co-ordinated with the on-going review of specialised paediatric services being undertaken by Commissioning Support for London (CSL) of NHS London under the chairmanship of Sarah Crowther (Chief Executive – NHS Harrow).

Mr Bell further reported the Trust had received a letter from Sarah Crowther in which she thanked us for our collaboration and confirmed that the national programme for Safe and Sustainable Paediatric Congenital Cardiac Surgery Programme had clear priority in the NHS and that work was being undertaken on a revised programme for publication on 10th February. Mr Bell had found this communication confusing as the Trust does not receive commissions from them. Indications given were that the continuation of three paediatric cardiovascular sites in London were not viable and that consideration should be given to a collaborative network model of care across the three current providers, i.e. RBH, Great Ormond Street and Guy's & St Thomas's Hospitals. A robust proposal was needed by the end of February and the three organisations were to be invited to a meeting to discuss future process. Mr Bell confirmed the Trust had already made contact with the GOSH group for a collaboration. He had also consulted with Dr Duncan Macrae, Director of Children's Services in the Trust. Mr Bell felt the only centre which was subject to question was ourselves and the likelihood of retaining this service would become more difficult. The NSCG is also now involved but again we do not receive commissions from them. Mr Bell said the approach seemed strictly related to congenital paediatric cardiac surgery and he was not sure of the logic behind this.

An approach that was strictly focused on paediatric cardiac surgery without full consideration of the collateral effects on paediatric cardiology and paediatric critical care appeared flawed.

Mr Bell reminded the Board that in the impact assessment submitted to Monitor, one of the assessments had been based around possible threat to losing paediatric cardiac surgery. He felt the issue was being led by the Commissioners and that the Board needed to discuss the consequences of trying to take a leadership role.

The Chairman commented he thought the situation was a political directive of NHS London to consolidate and use the current financial squeeze to reach their objective. He advised that the Dr Duncan Macrae report should be updated and used as a defence document.

Professor Tim Evans, Medical Director, said he was aware of the initiatives going on, that crucially we had already agreed to this idea and the issues for the Board were the models being talked about. We were not going to oppose something we had already addressed, but needed to think about whether we keep any ownership of the service and what could be provided in return. He agreed we should ensure the Dr Duncan Macrae report was fit for purpose.

- Mr Bell reported that the London SHA had published their London-wide Commissioning Intentions and Contracting Rules for 2010/2011 which reflected the draft NHS guidance for Payment by Results and the newly issued version of the NHS Contract. Mr Nick Hunt, Director of Service Development, circulated a summary of the main issues which would affect the Trust in the forthcoming financial year. They are:

- A tariff uplift of 0%
- Commissioning will be led by the North West London Sector Acute Commissioning Unit (NWLSACU) on behalf of the rest of London and also sets the pattern for the rest of the country.
- It is a heavily rules-based system with a much increased focus on performance measurement and related non-payments
- Many of the diagnostics currently unbundled and separately chargeable have been re-bundled
- Emergency activity over-performance against the 08/09 baseline will only be remunerated at 30% of price
- Activity must be managed to plan with material variances to be explained prior to invoicing
- Each Trust must seek a capacity review before adding additional capacity
- These rules echo Monitor's guidance that financial targets will need to be met by driving down cost rather than through earnings

For the forthcoming year our strengths remain our quality of services and our widespread referral patterns.

Mr Bell said that 90% of NHS money is consumed by provider services, 10% is consumed by the administrative costs of the organisations, e.g. SHAs, PCTs, etc. Therefore, realistically we are facing a potential £20m reduction in annual income. The Board needs to be aware we are in a very difficult funding environment.

- On 21st January 2010 the Trust had received a visit from Professor Nick Cheshire of Imperial College (IC). He had been asked by IC Faculty of Medicine to prepare a paper on the relationship of IC with its AHSC and other partner hospitals including RBHFT. Initial thinking was the development of an IC Health System. Mr Bell had reminded Professor Cheshire that the Trust had already sent IC a letter in January 2008 in which we had suggested such an idea.

  Mr Bell reminded the Board that the Trust already had a relationship with IC, which included Hammersmith and St Mary's Hospitals. Mr Bell felt there was an internal move in IC to now redefine their model. He repeated that the Trust had already been in dialogue with others and would not wish to pursue exclusive arrangements with IC.

  Professor Evans felt the meeting had been helpful and that IC was definitely reconsidering its position. He confirmed the Trust had an excellent relationship with IC but agreed it was pointless for the Trust to agree to academic exclusivity where there was no administrative or strategic plausibility for it. We already had a significant relationship with IC via the BRUs which is constantly evolving. Professor Evans felt the BRUs would provide the vehicle for going forward together. Mr Bell agreed saying we already had two medical research units as a collaboration with IC and a new HIEC. We are now paying for many more joint staff appointments with them. Mr Bell wanted to develop and modernise these arrangements to reflect this relationship.

  Professor Newman Taylor, Non-Executive Director, explained that Professor Nick Cheshire was leading one of five strategic advisory groups for the Faculty of Medicine. His remit was to review the relationship of the Faculty

with its partner Trusts and to make recommendations about how these relationships could be enhanced. Professor Cheshire was planning on meeting the Chairman, Chief Executive and Medical Director of the various trusts. The output of is report would inform the 5-year Strategy being developed by the Faculty. He was making an initial report to a Faculty meeting in early February, by when he would have met with IC Trust and Royal Brompton and Harefield. Professor Newman Taylor expressed his hope that his meetings at RBHT would prove to be fruitful.

The Chairman reported that he and the Chief Executive had recently held an extremely good meeting with Andrew Lansley MP, Shadow Secretary of State for Health.

2010/4 PATIENT SAFETY & OPERATIONAL REPORT FOR MONTH 9: DECEMBER 2009

Mr Mark Lambert, Director of Finance & Performance, introduced the report for Month 09 and highlighted the following:

- The Trust's HSMR ratio was showing a 3-year average of 69.6 (National Index = 100). It had recently been announced that Dr Foster had lost the contract to provide HSMR and would be replaced by an American company.
- HCAIs: no cases of MRSA (no cases in year to date). MRSA screening was now back above 1. C.diff 7 cases, GRE/VRE no cases.
- The SSI rate was running above national average. This was being taken very seriously by clinicians and actions were being taken.
- Cancelled Operations: YTD position was 0.85% against elective admissions. Mr R Craig, Director of Operations, commented that this was partially attributable to additional work brought about by the ECMO service in critical care at RB. Everyone was conscious of the numbers, the December figures were better, but January will probably be worse.
- Cancer: 62 day urgent GP referral. performance is at 86.4% against the target of 85%; an additional tolerance of up to 6% has been agreed with the CQC.
- 18 week wait: Admitted 97%; Non-admitted 99.4%.
  Data completeness fell slightly outside the target range of 90-110% and stood at 113.44%.
- patient admissions where procedure cancelled: this item was showing as amber with a variance from target + 22.
- PCT target for complaints: YTD 69% achieved on an internal target of 90% for response to complaint within 25 days. The rate was improving.

Professor Evans referred to the SSI rates and confirmed that a systematic review of practice in surgery had been undertaken but he felt it was too early for an outcome yet. Previous changes in practice at HH had brought successful results but not so at RBH. There had been a fall in the rate for deep wound infections but the rate for superficial wound infections was still not satisfactory.

Controlled Drugs Governance and Activity April – September 2009

Mr Richard Goodman, Director of Pharmacy & Medicines Management, introduced the report. He explained that quarterly activity reports had been recommended by the CQC on controlled drug activity and governance. This was the second report of this type and addressed some of the questions raised on the previous report. There had been a total of 31 incidents

reported during Q1 and 35 in Q2, 2009-10. Of these, 53 incidents were graded green, 12 yellow and 1 amber (none red). The majority of incidents reported related to errors in the administration of medicines and prescribing, followed by loss of controlled drugs which usually related to liquid medicines which are very viscous and loss may occur during dose measurement.

Mrs Christina Croft, Non-Executive Director, referred to the rates for paediatric controlled drug incidents and asked if these were major or minor discrepancies. Mr Goodman explained that these discrepancies related to the measurement of the drugs and could be small or significant. He explained that the measuring of liquid medicines with a syringe can give problems. Staff education was on-going on this issue and special equipment had been purchased to promote improvement in this area but it was impossible to secure complete accuracy.

Mr Nick Coleman, Non-Executive Director, had noted a rising trend in the number of controlled drug incidents reported over the four quarters. Mr Goodman explained that new software had been implemented which had resulted in more detailed analysis now being available. The last two months had included incidents involving potassium which had not been included before, and therefore total numbers had been somewhat inflated. Mr Goodman felt there were no concerns at present but that if numbers continued to rise at the current rate then this would lead to further action.

Patient Safety and Outcomes Report Summary Q2
The summary was presented to the Board for information and Mr Lambert confirmed this report had previously been submitted to the Governance and Quality Committee and they had been content with the report.

Modern Matrons' Report: October – December 2009
Ms Sue Callaghan, Senior Nurse/Modern Matron, presented the report.

- Hospital Cleanliness update: The Trust continued to take forward a programme of improvement in conjunction with ISS Mediclean, the Estates Department and the Infection Control Teams. ISS had recently restructured its management team and a new Contracts Manager had been appointed. The undertaking of technical audits was now back on track and showing promise. The Trust in partnership with ISS Mediclean was developing a visual poster for patients detailing 49 items that are required to be audited and lists the frequency and responsibility for cleaning of each item.
- Estates & Facilities: Close liaison continued with Estates & Facilities on the maintenance programme and the Department would in future be more pro-active in maintaining the fabric of the buildings. A new Cross Trust Estates Manager had been appointed. Estate walkabouts continued in order to assess any built environment issues. Many challenging items had been encountered in the Fulham wing recently such as shutdowns of heating and lighting but these were now improving.
- Hand hygiene: Work continued on this item and targets had not yet been reached. In this area, the support of the Medical Director had been much appreciated. The Trust had been visited by the CQC in November and had undergone a successful inspection in December.

  Mr Coleman, Non-Executive Director, noted that the rescheduled Hand Hygiene policy had been launched at the beginning of December but that

compliance figures had seemed worse. Ms Callaghan felt good progress with the dress code had been made. A large number of new junior doctors had recently joined the Trust and it would take time to raise their compliance with the initiative to expected levels. Professor Evans confirmed that significant progress had been made but that the initiative was still in its early stages.

2010/5 FINANCIAL PERFORMANCE REPORTS FOR MONTH 9: DECEMBER 2009

Mr Lambert introduced the report for Month 09, and also included information for Month 08, as the Trust Board had not met in December. Month 08 November had been a strongly performing month but December did not make a surplus. A loss of approximately £1.3m was made in month 09, giving a YTD cumulative surplus position of £3,557k (a favourable variance against target of £1,058k). November had been £2m more profitable than December. Mr Lambert said the difficulty was in the income position – the Trust normally turned around over £20m a month, but a 10% swing in the income in the month equates to £2m. We would need a strongly performing last quarter before a very challenging year to come.

Mr R Hunting, Non-Executive Director, referred to the fall-off in surplus and asked if it was attributable to the holiday period in December. Mr Craig, Director of Operations, agreed that in the last 10 days of the month the Trust had earned much less. However in comparison to December 2008, the Trust had been busier and activity was 1000 bed-days up on the previous year. The issue for management was one of reporting a financial loss that was £1m worse than in the previous year when the costs were not changing. Mr Bell confirmed the holiday period can affect the income because activity is not matched with the cost structure. The cost structure is heavily fixed and to address this would mean looking at the staff cost model. Staff cost is fixed therefore we would need to keep activity going or find a more flexible staff cost model. Mr Bell felt this was a learning process and that in the next 3 months certain costs would need to be cut before year-end.

Mr Coleman noted that the next Board meeting would be two weeks before the end of the financial year and asked when the budgets for the coming years might be presented. Mr Bell confirmed budgets were already being prepared for the next two years but the planning forecast does not have to be submitted to Monitor until May. Mr Lambert reminded the Board that the plan needed to be discussed with the Governors before its submission. Mr Bell confirmed the business plan was already prepared and covered five years.

Mr Lambert reported that the Trust needed to achieve cost savings of £20m after taking into account inherent inflation in-built in the organisation - to date a cost saving of £8m had been identified to date. Unlikely next year the Trust would receive any Project Diamond money. Still looking to identify a further £12m of savings to make up the £20m.

Mr Lambert reported the capital programme was showing some slippage but the current situation was an improvement on that at the end of November. The slippage was mostly in strategic projects, i.e. BRU heart scheme (due for completion in July 2010).

In reply to a query from Mrs J Hill as to whether there were any early indicators of change in demand, Mr Hunt confirmed that demand remained solid.

Mrs C Croft, Non-Executive Director, noted that non-elective spells were down and asked if the reason was because patients were not being referred to us or whether we had run out of capacity. She wondered if the case-mix was changing and if a sensitivity analysis should be undertaken to assess possible change of services going forward. Mr Bell felt a 3-6 month analysis would be more effective than a monthly one. Mr Bell said the reasons for the situation were multi-factorial and agreed the profile of the caseload was changing. The trend pattern at HH was changing more than at RB, particularly noticeable in cardiac surgery. However, new services were also starting at RB bringing a new flow of patients, for example the ECMO service had changed the profile of where patients originated from. He expected business to grow but that that would bring a bureaucratic struggle with the Commissioners.

Mr Lambert turned to the issue of service line reporting. He confirmed a paper on this would be submitted to the Management Committee on 17th February. He explained that service line reporting was by specialty and work was being undertaken on mapping. A paper on this issue would come to the Board meeting on 24th March.

2010/6 <u>INFECTION CONTROL ANNUAL REPORT 2008-2009</u>

Dr Anne Hall, Director of Infection Prevention and Control presented the report and apologised for its extreme lateness which was due to factors completely beyond her control. She said it had been a challenging year with the introduction of mandatory MRSA screening for all elective surgical patients, increased scrutiny of Infection Control arrangements under the Healthcare Commission (HCC, now CQC). There had been continued focus on reaching trajectory targets for reduction of MRSA bacteraemia rates, and continuing emphasis on the implementation of the National 'CleanYourHands' campaign. Dr Hall explained that the FT was required to meet the compliance criteria outlined in the Health and Social Care Act 2008 and the report was set out in these nine criteria. She highlighted the following items from the report:

- There had been 2 MRSA bacteraemias in the trust in that financial year, both in November 2008. There was one case in Surgery at HH and one in paediatrics at RB.
- For MRSA in the Trust as a whole, there were 485 positive patients at RB of whom 11 were positive following an initial negative screen. Of the 118 patients positive for MRSA at HH, 12 were positive subsequent to a negative admission screen. Dr Hall commented that it was impossible to say that a patient definitely did not have MRSA on admission as it could well be present in a site that is not screened initially. Many of our patients have been in other healthcare facilities before reaching this Trust and are colonised with MRSA.
- For *C.difficile* there had been 24 cases against a target of 31 patients. 4 of the 24 cases were non-attributable, being positive either on the day of admission of within the 48 hours following admission. The number of cases attributable to the trust is 20.
- There had been no cases of Glycopeptide Resistant Enterococcus (GRE) bacteraemia in the year.
- With reference to Criteria 5: 'Gain the co-operation of staff, contractors and others involved in the provision of healthcare in preventing and controlling infection'. The HCC had made an inspection in August 2008 and decided the Trust was not compliant with this criteria. They felt the Trust had been lacking in ensuring the provision of infection control training for contract staff engaged through the Estates Department. A lot of remedial work had been

undertaken and Dr Hall reported verbally that a subsequent CQC inspection on 26th November 2009 had officially removed the non-compliance; the Trust is now fully compliant with this criteria.

- The Trust continues to participate in the National Patient Safety Agency's 'CleanYourHands" campaign. Hand hygiene has been monitored by monthly hand hygiene audits since June 2008 and the target has now been lowered from 95% to 80% which is more achievable.
- Dr Hall emphasised the need for adequate provision of side rooms with bathing and toilet facilities for the treatment of patients with infections which would reduce the risk of spreading infections.

Dr Hall commended the report to the Board and asked for their support, in particular in relation to further work required in targeting surgical site infection prevention, avoidable blood stream infection, promotion of good hand hygiene policy and the bare below the elbows compliance.

The Board noted the report and the Chairman congratulated Dr Hall on its preparation and assured her of the Board's support.

2010/7 ACCOUNTS FOR THE TWO MONTHS ENDED 31ST MAY 2009

Mr Lambert explained that the Trust was required to prepare full statutory accounts for the two month period 1 April 2009 to 31 May 2009, prior to becoming a Foundation Trust on 1 June 2009. He presented to the Board Statements of the Chief Executive's and the Directors' Responsibilities and the Statutory Accounts. The accounts had been approved by the Audit & Risk Committee in December.

Mr Lambert was in discussion with the Independent Auditor (Heather Bygrave of Deloitte LLP) as to the exact form of the annual report required and hoped to reach a sensible compromise with the Auditor on such requirements. The Board approved the financial accounts.

2010/8 AUDIT & RISK COMMITTEE (ARC) STRUCTURE/IMPLEMENTATION

Mr Nick Coleman, Chair – ARC, reminded the Board that the intention was to split the ARC into two Committees whose roles would be to deal with (a) audit issues, and (b) risk and clinical governance issues. Mr Neil Lerner had now been appointed Non-Executive Director and would chair the Audit Committee. The next ARC was due to meet in three months' time. Mr Coleman said that consideration had been given to the management of the transition from one to two committees, working in close cooperation, and to what issues would be dealt with by the two committees. Regarding the process of splitting, the two options available were as follows: (1) leave the two committees to run back-to-back for 2-3 meetings with the current terms of reference (ToR) and re-write the terms of reference later; or (2) Mr Coleman to work with Mr Lerner to discuss how the business of the ARC should be distributed and then bring the proposed new terms of reference for the two committees to the March meeting of the Trust Board, then proceed and possibly revise the ToR if necessary in the future. The Board discussed the matter and decided on Option 2 and to bring the terms of reference to the next Board meeting for endorsement.

Mr David Stark was asked to determine whether this matter needed to be submitted to the Governors' Council as it seemed that Governors should need to be involved in the audit side and it might be advisable to do likewise with the risk and clinical governance part at least in so far as discussing any revised terms of reference with the Governors

2010/9 NON-EXECUTIVE DIRECTORS RE-APPOINTMENT/APPOINTMENTS

On 1ST June 2010 three Non-Executive Directors will be due for appointment/re-appointment.

Also would need to have an annual appraisal of the Chairman after 1 year as an FT i.e. from 1 June 2010.

Mr D Stark and Mrs J Hill, Non-Executive Director, are working on a document on the process for the evaluation of the Chair and NEDs and this would be discussed at the next Governors' Council prior to coming back to a future Governors' Council for approval when necessary.

2010/10 AUDIT & RISK (ARC) COMMITTEE

(i) Minutes of Meeting of 15 September 2009

(ii) Minutes of Meeting of 8 December 2009

These minutes had been approved by the ARC and were presented to the Board for information.

(iii) Report from Meeting of 19 January 2010

Mr Nick Coleman, Chair - ARC, confirmed the ARC was now running in synchrony with the Governance Committee and highlighted the following items from the January meeting:

- The ARC had looked at the CQC registration evidence pack. Each NED had been involved in the paperwork.
- There had been discussion around mortality rates and the issues raised by the SCTS and it had been agreed that action taken by the Trust was correct.
- There had been a significant interrogation of the Board Assurance Framework undertaken by Executives. The ARC had confirmed the Framework was reasonably up-to-date.

2010/11 CARE QUALITY COMMISSION – REGISTRATION APPLICATION

Mr Richard Connett, Assistant Director – Head of Performance, introduced the item. The Trust needs to apply for registration with the CQC in order to comply with the requirements of the Health & Social Care Act 2008. Applications must be submitted by 29th January 2010. Registration will be effective from 1st April 2010.

The paper before the Board set out the CQC guidance, a list of the services to be registered and details of the locations to be registered. The paper also contained draft text for the 'Statement of Purpose' and draft text for the narrative covering 'Respecting and Involving People who Use Services' and 'Equality Diversity and Human Rights'. The draft text was approved by the Board.

The main content of the paper related to the 16 Essential Standards of Quality & safety. These, together with the Trust Quality & Risk Profile, were discussed in detail at the Audit & Risk Committee on 19th January 2010. Executive Directors have taken responsibility for ensuring that evidence is available to support a declaration of compliance with all 16 of the essential standards and Non Executive Directors have assured themselves that Executive Directors have acted with due diligence when checking the evidence. Mr Coleman commented that the CQC would expect to see more evidence of outcomes in the future. The present evidence base contains a lot of process based evidence with some outcome evidence from the Trust's Governance and Quality reports and from the national Inpatient, Outpatient and Staff surveys. While it is believed that the CQC will accept outcome-light data at registration, this area of compliance will need to

be strengthened in the future as part of demonstrating on-going compliance.

The Board was requested to support the declaration of compliance with all of the Registration Requirements and to approve a Registration Application of full compliance, without conditions. The Board supported this request and the Mr Connett confirmed the application would be submitted electronically.

2010/12 Q3 MONITOR SUBMISSIONS

Mr Lambert explained that the Trust is required to submit the Q3 financial position to Monitor by 31st January 2010 and would include the two-month period prior to achieving Foundation Trust status. The papers included a Q3 Financial Commentary and a Governance Self Declaration.
The Board approved the financial template and supporting narrative, and the Declaration & Self-Certification of compliance with all targets and core standards, for submission to Monitor.

2010/13 QUESTIONS FROM MEMBERS OF THE PUBLIC

None

2010/14 ANY OTHER BUSINESS

Recommendations of Advisory Appointments Committee

The Board received the recommendation for the appointment of:
Dr Fabio De Robertis as Consultant in Cardiac Surgery with an interest in Transplantation and Dr Andre Simon as Director of Transplant and Consultant Cardiac Surgeon.

The appointments were approved

.

2010/15 FUTURE MEETING DATES

A list of dates for 2010 for meetings of the Trust Board, Corporate Trustee, Audit & Risk Committee and Governors' Council was noted by the Board.

1010/16 DATE OF NEXT MEETING

Wednesday 24th March 2010 at 10.30 a.m. in the Concert Hall, Harefield Hospital