



With all of us in mind

## Minutes of the Trust Board meeting held on 17 March 2009

<b>Present:</b>	Joyce Catterick	Chair
	Ian Black	Non-Executive Director
	David Hinchliffe	Non-Executive Director
	Jan Wilson	Deputy Chair
	Steven Michael	Chief Executive
	Nisreen Booya	Medical Director
	Malcolm Featherstone	Deputy Chief Executive/Director of Finance
	Hazel O'Hara	Chief Operating Officer
	Noreen Young	Director of Nursing, Compliance and Innovation
<b>In attendance:</b>	Peter Aspinall	Non-Executive Director (Designate)
	Ruth Unwin	Director of Corporate Development
	Cherrine Hawkins	Deputy Director of Finance (part)
	Bernie Cherriman-Sykes	Board Secretary (author)
<b>Apologies:</b>	Bernard Fee	Non-Executive Director
	Anne Gregory	Non-Executive Director
	Alan Davis	Director of Human Resources and Workforce Development
	Terry Dutchburn	Director of Business Development and Planning

### 1. Welcome, introductions and apologies

The Chair (JC) opened the meeting and thanked Trust Board members for attending this additional meeting convened to consider and approve Monitor appendices to support the Trust's application for Foundation Trust status.

### 2. Presentation of key points of the Board Memorandum on projected working capital requirements and financial reporting procedures.

Malcolm Featherstone (MF) explained to Trust Board that the Board Memorandum presented at this meeting was an updated version of that presented to Trust Board on 13 January 2009.

Rather than take Trust Board through the detail of the report, he highlighted the material changes. As required by Monitor, the Trust had updated the Long-Term Financial Model (LTFM) submitted on 19 December 2008 to reflect any changes to the Trust's actual position and to re-present the accounts to meet International Financial Reporting Standards. As a result, the Trust is now forecasting a surplus of £1.1 million for 2008/09, £200,000 higher than that in January 2009, and an increase of £200,000 in the forecast cash balance. The Chair, Deputy Chair, Peter Aspinall (Non-Executive Director (Designate)) and the Chief Executive had reviewed the detailed schedules to support the revised LTFM before its submission to Monitor on 2 March 2009.

As a result of the submission of a revised LTFM, Monitor had not asked the Trust to review its sensitivities; however, KPMG did request a re-run of its sensitivities and the changes applied resulted in a slight worsening of the Trust's position. However, in terms of working capital, the Trust still maintains in excess of 30 days trading headroom and, overall, there is no fundamental difference between this Memorandum and that presented in January 2009 as, at all points, the Trust has in excess of 30 days trading headroom.

As a result of an indication from Piers Ricketts that he wished to cover two additional areas in the later conference call with KPMG, Trust Board went on to discuss the report from the forensic review undertaken by KPMG, and the forthcoming/anticipated staff vacancy and arrangements for management in the interim period.

Regarding the forensic review, KPMG had been commissioned by the Audit Committee Chair, to be shared with Monitor, to look into an historical governance issue from 2005/06 and was investigated by the Trust at the time. Two draft reports had been presented by KPMG, the first into the issue itself, which was provided to the Audit Committee Chair, and the second on the outcome of a more detailed review of the Trust's procurement systems and action now required of the Trust. In terms of the first report, no action would be taken as a result; however, there were issues raised in the report that will be followed up. In terms of the second report, KPMG would be seeking assurance from Trust Board that it had seen the draft action plan, that it was supportive of its content and that it had put scrutiny arrangements in place to monitor progress.

With regard to the vacancy, JC went on to explain that MF had been approached regarding a Director of Finance post in another Trust and was successful in his application. MF had made a commitment that he would remain at this Trust until it had achieved Foundation Trust status. Monitor was made aware of the position and sought details of the arrangements for interim cover to provide both Monitor and KPMG with the assurance they need of continuity and consistency. The Chief Executive had taken soundings from Monitor, KPMG and the Strategic Health Authority, who all indicated that bringing in someone with significant experience as a Foundation Trust Director of Finance would strengthen the Trust's application. As a result, John Scampion was identified as an individual who had the skills, expertise and experience to take the Trust through the initial period as a Foundation Trust. The Remuneration and Terms of Service Committee discussed the detail of the arrangement at its meeting, chaired by Bernard Fee, on 16 March 2009 and confirmed that this was a suitable arrangement, giving the Trust the necessary skills and expertise it needs. The Committee has asked Alan Davis to assess the cost to the Trust and to confirm the process required for the interim appointment. The Trust is currently taking up references and arranging a formal meeting with Mr Scampion with the Committee and IB, as Chair of the Audit Committee. Jan Wilson (JW) confirmed that Ogders would undertake the recruitment of a permanent Director of Finance during the four month interim arrangement with a view to making a permanent appointment by 1 July 2009.

IB commented that KPMG's interest in these matters relates to the need for assurance from Trust Board that issues raised by KPMG forensic review are being addressed and monitored.

*Piers Ricketts and Ross Tudor joined the meeting via conference call.*

JC began by assuring KPMG that the meeting was quorate. Piers Ricketts (PR) confirmed that KPMG was in a position to sign the two professional opinions, subject to receiving two pieces of information from MF.

- Written confirmation of the Trust's Working Capital Facility, which MF confirmed he could provide in the form of an email from Barclays confirming that the facility is open until 1 April 2009.
- Further information on the impairment as a result of the re-valuation of the Trust's assets. MF agreed to provide KPMG with the working papers already provided to Monitor.

Ross Tudor (RT) went on to explain that the only material changes to the report from that of 13 January 2009 related to further work to provide assurance to Monitor that:

- the Trust is performing against both national and local targets and standards and that Trust Board is receiving information on the accuracy of the data underpinning performance information;
- the Trust has the capacity and skills in place to introduce International Financial Reporting Standards and that the Audit Committee has been informed of progress.

RT confirmed that KPMG had been broadly assured that procedures in both areas are robust.

KPMG then asked the Chair to confirm that Trust Board could resolve that, following presentation of the report on the Trust's working capital and financial reporting procedures by KPMG and presentation by the Director of Finance of the Board Memorandum, there was sufficient assurance for the Chair of the Trust to sign the Board Statement (appendix B9) to the Regulator on working capital and financial reporting procedures and for the Chair and Chief Executive to sign the Board Memorandum (appendix B10) on working capital and financial reporting procedures. This was subject to review of the KPMG report for factual accuracy.

**It was RESOLVED that there was sufficient assurance for the Chair of the Trust to sign the Board Statement (appendix B9) to the Regulator on working capital and financial reporting procedures and for the Chair and Chief Executive to sign the Board Memorandum (appendix B10) on working capital and financial reporting procedures.**

*Conference call with KPMG ended.*

### **3. Board Statements on risk and performance management, and board roles, structures and capacity**

Ruth Unwin (RU) took Trust Board through appendix B12 and the narrative supporting the evidence and assurance for Trust Board that the Chair can sign the appendix relating to risk and performance management, and board roles, structures and capacity.

There were two material additions to the narrative relating to work done in response to the forensic review by KPMG, and the interim arrangements to ensure capacity and capability in the Finance Team is in place to take the Trust forward as a Foundation Trust.

MF took Trust Board through the action plan developed as a result of Phase II of the KPMG forensic review. He stressed that the recommendations build on and strengthen the strong framework already in place for procurement. The report does not require a wholesale review of the Trust's policies and procedures. IB also confirmed that this was the case, that the Audit Committee would monitor implementation of the action plan, and that internal audit would be asked to review the procurement system again in twelve months time.

**It was RESOLVED that, subject to two amendments in the narrative, there was sufficient assurance and evidence in the document presented to Trust Board and from the report from KPMG for the Chair of the Trust to sign the Board Statements contained in Appendix B12.**

Trust Board formally thanked MF for his contribution to the Trust over the last six years. The strong financial position the Trust now finds itself in is testament to MF and his team.