With all of us in mind

South West Yorkshire NHS
Mental Health NHS Trust

Minutes of the Trust Board meeting held on 20 April 2009

Present:	Joyce Catterick	Chair
	Ian Black	Non-Executive Director
	Jan Wilson	Deputy Chair
	Steven Michael	Chief Executive
	Nisreen Booya	Medical Director
	Hazel O'Hara	Chief Operating Officer
	John Scampion	Interim Director of Finance
	Noreen Young	Director of Nursing, Compliance and Innovation
In attendance:	Peter Aspinall	Non-Executive Director (Designate)
	Alan Davis	Director of Human Resources and Workforce Development
	Ruth Unwin	Director of Corporate Development
	Cherrine Hawkins	Deputy Director of Finance (part)
	Piers Ricketts	Director, KPMG (conference call only)
	Ross Tudor	Associate Director, KPMG (conference call only)
	Bernie Cherriman-Sykes	Board Secretary (author)
Apologies:	Bernard Fee	Non-Executive Director
	Anne Gregory	Non-Executive Director
	David Hinchliffe	Non-Executive Director
	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.

The Chief Executive (SM) began by thanking Cherrine Hawkins (CH) for the work done to prepare the documents for this meeting.

CH then explained to Trust Board that the Board Memorandum presented at this meeting was an updated version of that presented to Trust Board on 17 March 2009 and that there were very few changes in this version.

The Trust's outturn position has changed in two respects. Firstly, the anticipated impairment of £5.6 million was actually £5.4 million, resulting in a £200,000 improvement. Secondly, non-recurrent expenditure was £300,000 more than anticipated. This has resulted in a net impact of £100,000 less surplus than forecast (£1 million against a forecast of £1.1 million). The Trust has also been actively managing its cash position to ensure it does not exceed the revised External Finance Limit agreed with the Department of Health. This has resulted in an increase in debtors of £3.2 million, which will work its way through the accounts in April.

JC asked whether Monitor had changed its approach to sensitivities applied and CH responded that this had not been the case in this review and Monitor had not asked the Trust to review its sensitivities. However, KPMG has revised its sensitivities this time.

Ian Black (IB) asked whether Monitor was likely to question the Trust's anticipation of interest received at a rate of 5%, to which CH responded that she was confident this was not included in Monitor's sensitivities. IB asked CH to clarify the worst case scenario with regard to interest received. CH explained that there is mitigating action in place on the cash position and, when the Trust becomes a Foundation Trust, it will be able to move cash to attract higher rates. However, as agreed by Trust Board, the Trust will take a risk adverse approach to investment of cash and will only go with Moodys AAA risk rated organisations. Therefore, the maximum anticipated is 3%. The sums involved are quite small running at about £500,000 per annum. Peter Aspinall (PA) asked what made up the 'interest earned' item. CH responded that this was 5% of the cash balance and has been factored into the budget for 2009/10.

Jan Wilson (JW) asked whether the sensitivity on the increase of drugs costs was still valid. CH responded that this was determined by KPMG and the Trust was asked to apply this sensitivity.

PA also queried the EBITDA figure in the long-term financial model at £9.2 million for 2009/10. CH explained that this reflects the July 2008 position adjusted for the forecast outturn position for 2008/09.

JC expressed a concern that Monitor might question the Trust continuing to use the deferment of single sex accommodation as mitigating action given Ministerial statements in recent months. SM responded that he was unsure this would translate into a policy directive. He reminded Trust Board that the Trust does currently meet policy guidance. IB asked that this issue be considered formally at Trust Board in terms of whether the Trust would choose to implement single sex accommodation if funds became available earlier. SM commented that the deterioration in debtor days is unlikely to now materialise until 2012/13 given the delayed introduction of Payment by Results, which may provide additional surplus to address single sex accommodation.

CH confirmed that there were no major areas of concern for KPMG, which is reflected in the report. She had identified a number of factual accuracies, which KPMG will address prior to the report being submitted to Monitor. The statements on page 35 will also be updated to reflect this meeting.

In response to a query from JW relating to the KPMG comment on current trading (page 13 of the report), Trust Board was reminded that Monitor had followed this through in detail during the assessment process and any further response to Monitor would have to consider Trust performance against other key indicators of performance.

CH assured Trust Board that the working capital facility will be in place with Barclays for 1 May 2009 and the letter confirming this facility would be with the Trust later that day. She also assured Trust Board that the Trust had sought advice from Beechcroft on the agreement, including the covenants, and KPMG had also reviewed the document in detail.

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 the KPMG report had been updated to reflect one month's trading and that there were no substantial changes to the position since last month's report.

PR asked the Trust to confirm that the Working Capital Facility from Barclays will be in place for twelve months from 1 May 2009. CH confirmed that the letter from Barclays would be ready by lunchtime. Three points had been raised with Barclays on minor clauses. She also confirmed that a few changes had been made at the Trust's request. One concern for KPMG was the inclusion of a clause relating to material and adverse changes in Trust performance and the ability of the bank to withdraw the facility as a result. CH provided assurance that, even in the downside scenarios, the Trust was unlikely to have a need to draw on the facility. However, KPMG was keen that the Trust is aware of this clause and to ensure it has legal advice to indicate that this is acceptable. CH agreed to confirm with Beechcroft that the clause was acceptable.

Subject to receipt of a satisfactory letter from Barclays, PR confirmed that KPMG would be able to offer an unqualified opinion on the Trust's working capital facility and financial procedures in time for the despatch of papers by Monitor to its Board on 23 April 2009.

Conference call with KPMG ended.

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.

IB then went back to his earlier comment regarding the Budget on the following day and his concern that any announcements might affect the Monitor Board's consideration of the Trust's application. Although there will be no reflection in the papers sent to the Monitor Board, the Board itself might consider the application in light of the budget. He asked if there was anything the Trust should do in advance. JC responded that there should not really be any surprises in the budget as the content was generally well known and funding had been guaranteed for the NHS for a further two years. Monitor will also have considered the widely publicised £15 billion savings in public services in its scenarios. She would be happy to have a further conversation in light of the budget announcements on Wednesday, if necessary.