

Board of Governors' Meeting

Notes from a meeting held on Thursday 20th September 2007
at 3pm, in the 5th floor lecture theatre

Present

Dr Robin Anderson, Public: Rest of London
Ms Alison Armstrong, Specialist Commissioning
Dr David Bell, Staff: Clinical, Academic, Senior
Jennie Bird, Public: Camden
Mr Robin Bonner, Staff: Trades' Unionists
Mr John Carrier, Primary Care Trusts
Ms Stephanie Cooper, Public: Rest of London
Councillor Roger Freeman, Local Authorities
Ms Caroline Garland, Public: Camden
Mrs Amanda Hawke, Staff: Administrative & Technical
Lou James, Public: Camden
Angela Kenny, Public: Rest of London
Dr Aulay Mackenzie, University of Essex
Dr Claudine Strickland, Public: Rest of London
Mr Michael Whiteley, Public: Camden
Mr John Wilkes, Public: Rest of London

In attendance

Mr Nicholas Selbie, Trust Chair
Dr Nick Temple, Chief Executive
Mr Simon Young, Director of Finance (Items 6 and 8)
Dr Sally Hodges, PPI Lead (Item 12)
Ms Susan Thomas, Director of Human Resources (Item 15)
Ms Trudy Klauber, The Dean
Dr Rob Senior, Medical Director
Mr Jonathan McKee, Trust Secretary

Observers

PPI Forum members, Sandra Dodgson

1. Chair's Opening Remarks

The Chair welcomed everyone to the meeting, particularly guests observing.

The Chairman reported that the Board of Directors had met in a closed conference on the 11th September and had discussed the cost savings plans and the visit to Monitor to discuss the Trust's financial rating.

2. Apologies for absence

Susan Price, University of East London
Chrissie Kimmons, Public: Rest of England and Wales
Caroline Lindsey, Public: Rest of London

3. Minutes of the last meeting

The reference to “lifeline plan” should read “lifetime value planning”.

Simone Hensby had given apologies.

JM ➤ Jonathan McKee to correct the minutes.

4. Matters arising

Nick Temple reported that the restrictions limiting referrals imposed by some Primary Care Trusts (PCTs) on the Trust continued. The Management Committee and the Board of Directors are actively working on the problem.

John Wilkes reported that the date for the Board of Governors’ Development Session would be 19th October and that most governors had responded to indicate that they would be attending.

John Carrier recommended that the Trust address the Ara Darzi report on *Healthcare for London* at Board of Directors level. Nick Temple advised that the Trust was still working through this complicated and lengthy document.

Robin Bonner thanked Jonathan McKee for collating the list of objectives but wondered whether the phrasing was as the Board of Governors would wish. The Chairman suggested the governors review the matter after their meeting on 19th October and this was agreed.

5. Chief Executive’s Report

Dr Nick Temple tabled his regular paper. After 16 years in a central role, Nick had announced his retirement. Clearly the process of change has generated anxiety within the Trust; the Trust is working on a process in order to find a replacement and this will be discussed under Item 15.

Nick had explained that the quarter one financial risk rating Monitor had given the Trust had fallen from 3 to 2 (which was worse); there was a shortfall in income in the Tavistock Consultancy Service (TCS); and the

Day Unit had failed to generate a surplus.

The Trust needs to increase income and decrease expenditure as margins are currently very tight. The generation of a surplus in the short term looks unlikely. The Trust is only one of two foundation trusts in this situation (the other being UCLH).

The Trust had decided not to proceed with taking a lease for the 4th floor of Centre Heights.

Reports on the Day Unit and TCS will be made to the Board of Directors monthly, with a view to having a substantive discussion at the Board of Directors by the year end.

Lou James felt the Trust might have to make some challenging decisions: Lou felt that the Trust had a duty to support the many, rather than the few, and though this may be unpalatable, she would support such an approach. John Carrier questioned whether the Trust could use its £1.085m income and expenditure reserve shown in the year-end balance sheet. Simon Young explained that much of this was technical, due to the revaluation of assets and the subsequent depreciation on this revaluation; only a small part of the reserve had originated in actual income and expenditure surpluses, and there was little cash in reserve.

John Wilkes was pleased to find the Trust had not adopted 'restructuring' as an unthinking response; Nick Temple acknowledged this but said that all options were being considered.

Nick Temple noted that the support and expertise from the Non-Executive Directors (NEDs) had been helpful and was appreciated.

6. Finance Director's Report

Simon Young had circulated his regular report. Simon pointed out the Tier 2 Services from Camden had been transferred to the Trust earlier than was noted in the original business plan.

Simon reported that it had been hard to identify savings and most of these had come from not filling vacancies. Simon said that the Board of Directors was determined to achieve a surplus (0.5% of turnover) and this would improve the perception of the Trust's performance as indicated in Monitor's ratings.

Robin Anderson asked what plans were in place for avoidance of the perception for adverse performance. Simon Young felt that the Trust would need to have a greater contingency reserve in future.

Michael Whitely wanted to know what the effect of the cost cutting

exercise on the Trust would be. It was felt that the strain was being taken by all departments, but Nick Temple confirmed that there was no planned reduction in clinical services. In addition, developing financial management skills in the finance department is key to developing *service line reporting* in future.

David Bell felt that whilst directors and departments may find the idea of devolving budgets attractive; this might reduce collective corporate identity. It was noted that delegation of income budgets has already taken place in some units (e.g. TCS and the Day Unit) and that this trend would increase with the implementation of service line reporting.

7. Annual Report and Summary of Financial Accounts

The Chief Executive thanked Jonathan McKee for producing the document. The document had been produced in the new corporate style and it was the first document to be produced in this way. It was felt that the expense of producing a professional document was worthwhile. Roger Freeman felt the document was good: not too glossy and clear on the issues.

In future years, governors will be able to review the Annual Report in the context of their contribution to the Annual Plan (the Annual Report would be a report on the Trust's delivery of the Annual Plan).

John Carrier felt that the *Acorn* method of categorising individuals seemed a little strange to those who are not used to using this approach.

Roger Freeman sought clarity on the cost of auditors. Simon Young explained that the auditors would cost £42,000 plus VAT for the current year; although last year more work, and therefore more costs, was incurred due to the need to produce two sets of annual accounts.

- All** ➤ Any governors with suggestions for the improvement of future documents should e-mail them to Jonathan McKee.

8. Recommendation from Audit Committee Criteria for Auditors

Simon Young presented the governors with a paper, and reminded them of the process that had been agreed in the revised Constitution. John Carrier suggested that the seasonal capacity of auditors should be added as a criterion, as many auditors would be under pressure at this time of year.

- SY** ➤ Simon Young to add this criterion.

The proposal was agreed.

9. NED Nominations Panel: Recommendations

The Panel recommended that:

- a) Emma Satyamurti be appointed for a second term of 3 years;
- b) Altaf Kara be appointed as Non Executive Director for a term of 3 years;
- c) the Trust maintain contact with Catherine Gale, who might be able to provide some useful assistance to the Trust with a view to possible re-application at a future date;
- d) Professor Sir Andrew Likierman's term of office be exceptionally extended by one year;
- e) the resignation of Caroline Elton be accepted.

Lou James and John Wilkes noted that the process had been a creative and dynamic one.

David Bell wanted to explore the tensions that had existed at Panel meetings. David was particularly concerned that to put a former candidate in a position as an advisor to the Trust with a view to a possible new application at a future date seemed a strange one. Nick Selbie felt that this position was reasonable providing that there was no favouritism during any possible future application process. It was noted that the Panel had ensured that any candidates had a real interest and understanding of the NHS and mental health.

Angela Kenny was interested in the costs to the Trust of the process of recruitment. It was noted that the Financial Times, the Guardian On-Line, Ham & High, Camden New Journal and the NHS Net were used to advertise the vacancy. The cost of advertising was £7k, and compared with the cost of remuneration for the NED of £7k pa, this did seem high. However, it was noted that the Trust was obliged to pay the market rate for advertising; the bulk of the applicants had not come from the free or cheap media in this case.

Susan Thomas attended from this point. Susan was thanked for her support and her expertise. It was noted that the Trust now has a process that could be used in future years. The Panel were thanked for their work. The recommendations of the Panel were agreed.

- In future successful candidates CVs to be accompanied by the recommendation of the Panel.

Item 10-14 inclusive were cancelled in order to allow more time for Item 15.

15. Appointment of the next Chief Executive

Trudy Klauber and Rob Senior were invited to take part in this discussion.

Susan Thomas tabled updated versions of the advert, job description, personal specifications and appointment timetable as the previously circulated versions did not include recently added comments from NEDs. Due to pressure of time, the advert must be placed tomorrow and if any governor had any comment to make, they should contact Susan directly by e-mail or by telephone. John Carrier suggested that education and training be added and this was agreed.

- ST** ➤ Susan Thomas to add education and training.

John Wilkes liked the word “lead” instead of “manage” in the advert, but noted this was not reflected in the job description

- ST** ➤ Susan Thomas to amend the description.

Governors felt uncomfortable with the word “customer” rather than “patient” and it was suggested that this be changed.

- ST** ➤ Susan Thomas to change.

Rob Senior felt that any candidate must have the confidence of the directors and must have thorough understanding of the Trust. Trudy Klauber suggested that the candidates should demonstrate their knowledge of the Trust.

David Bell felt that experience with the NHS was an essential criterion and should be added to the job description.

- ST** ➤ Susan Thomas to add to the job description.

- ST** ➤ Susan Thomas to circulate the final version of the papers.

Susan Thomas explained that the Chairman and NEDs had been keen to involve governors and staff, and that the mechanism suggested was to have governors and staff as advisors to the NEDs. There were two opportunities to become involved:

- The presentation by candidates to a large group
- The appointment panel.

At the presentation, up to five governors will join staff from departments in the Trust who will make observations of the presentations and give feedback in written form for the Panel’s consideration. This model has been used before in the selection of department heads.

The Panel will consist of the Non-Executive Directors joined by advisors (an external CEO, two governors, one member of staff and the Director of Human Resources).

Caroline Garland suggested that a group exercise was a useful method of testing candidates; the Trust had used this before.

ST ➤ Susan Thomas to consider.

Robin Bonner felt that the proposal to identify the governors involved should be amended to ensure that one governor was a staff governor. Michael Whitely was concerned about the balance of involvement from the various constituencies of members.

A vote was taken on whether to reserve a place for a staff member: 7 in favour; 6 against.

David Bell was the only staff governor interested in serving this position and was duly selected.

It was agreed that the remaining governors (one to advise the appointment panel; and five to attend the presentations) would be selected via an e-mail ballot.

All ➤ Governors to send a short statement by e-mail to Jonathan McKee confirming their interest in this position. Jonathan to circulate to members and conduct an e-mail ballot.

The meeting ended at 5:00pm.

Outstanding Action

Due Date	Agenda Item	Action Required	Director / Manager	Originating meeting & notes
September 2008	9. NED Nominations Panel: Recommendations	In future, successful candidates CVs to be accompanied by the recommendation of the panel	NED Nominations Panel	September 2007