

Council of Governors (Public) – 7 September 2017

Chair:

Ms Susan Symington

Public Governors:

Mrs Ann Bolland, Selby
Mr Andrew Butler, Ryedale & East Yorkshire
Mr Roland Chilvers, Selby
Mr John Cooke, York
Mrs Helen Fields, City of York
Mr Stephen Hinchliffe, Whitby
Mrs Margaret Jackson, City of York
Mrs Sheila Miller, Ryedale & East Yorkshire
Mr Michael Reakes, City of York
Mr Clive Neale, Bridlington
Mr Michael Reakes
Mrs Diane Rose, Scarborough
Mrs Pat Stovell, Bridlington
Mrs Catherine Thompson, Hambleton

Appointed Governors

Ms Dawn Clements, Appointed Governor, Hospices
Cllr Chris Pearson, Appointed Governor, NYCC
Mr Gerry Richardson, Appointed Governor, University of York

Staff Governors

Dr Andrew Bennett, Scarborough/Bridlington
Mrs Sharon Hurst, Community
Mr Mick Lee, York
Mrs Helen Noble, Scarborough/Bridlington

Attendance

Mr Andrew Bertram, Finance Director
Mr Patrick Crowley, Chief Executive
Mrs Lynda Provins, Foundation Trust Secretary
Mr Mike Sweet, Non-executive Director, York Teaching Hospital
Mrs Jenny McAleese, Non-executive Director, York Teaching Hospital
Cllr John Raper, Member of the public

Apologies for Absence:

Apologies were received from the following:

Mr Robert Wright, Public Governor, York
Mrs Jeanette Anness, Public Governor, Ryedale and East Yorkshire
Ms Libby Raper, Non-executive Director
Mrs Jennie Adams, Non-executive Director
Ms Karen Porter, Stakeholder Governor

17/32 Chair's Introduction and Welcome

Ms Symington welcomed everyone to the meeting.

17/33 Declarations of Interest

There were no changes to the declaration of interests noted.

17/34 Minutes of the meeting held on the 15 June 2017

The minutes of the meeting held on the 15 June 2017 were agreed as a correct record subject to the following amendments:

Page 13, Minute No 17/23, last paragraph – should read 'Mr Butler was incredibly annoyed with the regulators' not the CCGs.

Page 13, Minute No 17/23, 6th paragraph - should read Hambleton, Richmondshire and Whitby CCG.

Page 16 – Minute No 17/27- regarding the positions up for election lacked clarity as the paper stated:

Mrs Provins stated that the paper detailed the positions coming to the end of their term in September and the following vacancies:

- Scarborough Public Governor
- York Staff Governor
- Voluntary Appointed Governor

The full list is as follows:

Scarborough 1 seat – David Wheeler (resigned)

Bridlington 1 seat – Clive Neale (end of term)

York Staff 1 seat – Emma Sellwood (resigned)

Ryedale and East Yorkshire 1 seat – Sheila Miller (end of term)

York 2 seats – Margaret Jackson and Robert Wright (end of term)

Scarborough Staff 2 seats – Helen Noble and Andrew Bennett (end of term)

17/35 Matters arising from the minutes

Page 13, Minute No 17/23 – what are place based systems – Ms Symington stated that the principle is that healthcare is no longer provided by a single organisation, but a number of healthcare providers and community solutions so that care is delivered centred on a place, not organisational boundaries.

17/36 Update from the Private Meeting held earlier

Ms Symington noted that the following items were discussed at the private meeting:

- Chair's Quarterly Report
- Chair's One to One Meetings with Governors Report
- NED succession planning at the Nomination and Remuneration Committee
- Chair succession planning
- Feedback from the Governors Forum
- Board to Council of Governors October meeting planning
- Internal Audit Report regarding information provided to Governors

17/37 Governors Reports

Lead Governors Report – Mrs Jackson highlighted the following items from her report:

- the Mobile Chemotherapy Unit
- the AMM/AGM taking place on the 12 September which included sessions on research and organ donation
- the next recruitment marketplace event on the 30 September
- The NHS carol concert in York Minster on the 6 December

Arts Strategy Group – no questions were raised.

Out of Hospital Group – Mrs Jackson stated that this was an excellent group and a lot of information was provided. She confirmed that there were no changes with the Selby community contract.

Transport Group – Mrs Miller encouraged everyone to use the hire car share scheme and stated that if anyone needed more information they should contact Zara Ridge.

Ms Symington thanked Governors for their helpful and succinct reports which provided a breadth of information around Governor engagement.

17/38 Chief Executive's Report

Mr Crowley provided a brief overview of the contents of his report and asked if there were any questions.

Mrs Bolland asked about the policy for recruiting to board level roles in the Trust. Mr Crowley stated that Mrs Scott had accepted the Chief Operating Officer role on an interim basis for a year and that this had been agreed at the Remuneration Committee. He noted that the Remuneration Committee received information on all changes to director remuneration, posts, and changes in portfolios. He noted that this change currently underpins continuity in leadership at a difficult time as winter approaches, which was judged by the CE and the REMCOM to be preferable to entering into a protracted recruitment process. Wendy Scott has strong credentials and a good reputation within the trust. Ms Symington stated that Mrs Scott filling the interim role would serve to bring out of hospital care and internal operations together, ensuring the same direction of travel and Mrs Scott was brilliantly placed to do that. There was also a strong COO team which will help to minimise the risk.

Mr Hinchliffe asked about whether the mobile chemo unit could go to Whitby and Mr Crowley stated that this involved a separate CCG, but that he would certainly raise it.

Mr Crowley noted the internal finance briefing to staff which had been leaked to the press. Governors were concerned that they had not received the briefing, but Mr Crowley stressed that it had been sent to staff in the first instance, but he would check whether it had gone to Governors. He was aware it may be leaked, but felt it was open and honest and very informative. His priority had been to allay staff fears about the cash position and stop them worrying that they may not get paid. York Press had used the email almost verbatim and Mr Crowley was not worried about this at all.

Mr Bertram provided the current finance position at the end of month 4. The Trust is £10.5m adrift of plan with a deficit of £13.8m, but he stressed the financial context of our organisation which has an annual turnover of circa £500m a year. Mr Bertram explained some of the factors which were impacting the trust financially: for example the Trust missing out on the £2.6m Sustainability and Transformational funding as it had not reached its control total in month 3 and £2m of pay pressures which relates to agency and locum staff. The Trust has currently spent £7.1m against a profile of £5.8m and the overspend is exclusively around safety of services and covering key rotas. £2.5m of the shortfall is in relation to the savings programme which is in its 8th year and therefore very challenging. £1m is in relation to non pay items which is less concerning at this stage.

The other £2m is in relation to income. Mr Bertram stated that he has discussed this with NHSI as it is in relation to HRG4+ and the change around pricing and reduction in length of stay for patients which is coming about due to the use of the ambulatory care and assessment units. He noted that the Trust is doing all the right things, but this does need further understanding as it is part of the story around current finances.

In relation to the national context, there are approximately 240 providers and roughly 160 of these were in deficit at the end of quarter 1. The combined deficit for month 3 was three quarters of a billion with the planned outturn being half a billion.

The cash position and profiling suggests that cash will run out in October or definitely November, which will be the first time in the Trust's history and is a very serious concern. Nearly half of all trusts are in the Distressed Cash Regime or like this Trust, about to enter it. The Trust is looking at payments to suppliers, chasing any debtors and also what if anything on the capital programme can be slipped. The Distressed Cash Regime is about taking out a working capital loan via the region/Treasury to ensure staff are paid. Interest rates on the loan will be charged at circa 6%. Mr Bertram provided assurance that all decisions made will be done within the context of maintaining patient safety.

Mr Bertram stated that a Financial Recovery Plan has been drafted and discussed with both the Board and NHSI. It is a collection of measures agreed by Corporate Directors or recommended by the regulators. There are a raft of actions already being progressed including vacancy control, changes in portfolios and discussions around study leave.

Ms Symington thanked Mr Bertram for the open and honest presentation of the financial position.

Mrs Fields asked what the likelihood of the plan working was especially as winter approaches. Mr Bertram stated he is optimistic and convinced the position can be improved and that safety will be maintained. However, he stressed the national position that the Trust is working in. Mr Crowley stated that the issue for him in relation to winter

approaching is recruitment which is also more of a challenge in this part of the country. He noted that the relative spend on recruitment in this area is amongst the lowest in the country and therefore underfunded, but this did not absolve the Trust of any responsibility to deal with its obligations seriously.

Mr Butler asked whether the national STP funding of £1.8bn would help to solve problems. Mr Bertram stated that the Trust had received most of its allocation for last year, but not the final quarter. Money not secured by individual Trusts was then reallocated, however, those Trusts receiving extra money were unable to spend it until the new financial year. This was to do with ensuring the provider sector deficit position was reduced at year end.

Mrs Thompson stated that after 8 years of savings there had to be a point when Trusts had to look at previously unthinkable actions instead of continual shaving of expenditure. Mr Bertram stated that this was what the capped expenditure process was there to do. He noted that the vast majority of those in the process had started to look at reducing planned care. The Trust had been in a position to be able to provide a detailed profiling of this which had showed a devastating effect on waiting times and targets. Therefore this had been rejected and the Trust were required to resubmit the CEP and explore other options like reducing demand. Mr Bertram stated that some CCGs had stated that they were not prepared to submit an undeliverable plan. The Board has also been having these discussions.

Mrs Miller asked if the CCGs deficit had caused the Trust's cash flow problem. Mr Bertram stated that it was not to do with the CCGs and decision not to go for the community care contract had been factored into the plan. In relation to delaying elective surgery, Mr Bertram stated that this had been discussed with the regulators as a reduction in planned care was about the only thing that would produce results before the end of March. Mr Bertram did highlight that the county does receive significantly less funding through the allocation process than some areas and that the funding system did not provide adequately for out of hospital care which was the direction of travel being taken to relieve pressure on hospitals.

In relation to the cash position, the decision taken by NHSE that all CCGs will pay contracts in 12th not 10th as some have been doing has affected the Trust's cash flow. NHSE felt that payments in tenths has been artificially masking issues.

Mr Reakes asked whether the STP provided further opportunities to make savings across the area. Mr Bertram stated that there are a number of savings opportunities being looked at across the STP, one being procurement and although the geography does not help, there are plans to exploit savings that can be made. The geography does make it hard in relation to clinical working, but he did note that radiology will be looking at buying a system that allows shared reporting.

Cllr Pearson asked about the 1% pay cap and whether it looks like this will be bridged. Mr Bertram stated that he hoped that this would happen and if it did the Trust's inflation rate would be adjusted to reflect this, if not it would provide further increased pressure on the position. If the cap is lifted in April the tariff will be increased to support this.

Cllr Pearson also asked whether the Junior Doctors dispute had had an impact. Mr Crowley stated that the damage was more subtle as doctors had been disenfranchised, some going abroad and others going into agency work.

Ms Symington thanked Mr Crowley and Mr Bertram for their informative session.

17/39 Governor Reports

Mrs Provins gave an overview of the position in relation to the current Governor elections. She noted that one candidate for York had submitted a photo which had not been published and that this was an oversight by the Electoral Reform Society. The online voting platform had now been updated to include the photo and an updated candidate statement had been posted out which should hopefully arrive at the same time as the original voting material. Mr Neale asked if photographs were really relevant to the voting process.

Mrs Jackson highlighted that staff Governors must be given time to engage in Governor activities.

Mr Bennett asked whether staff can be alerted to the fact that a voting email will be received and Mrs Provins agreed to talk to the Communication staff about this.

Mr Butler was concerned that there were a number of small issues with the election and asked for a report before the next Council of Governors. Mrs Provins will provide a report when she has more information.

Action: Mrs Provins to provide a report to Governors on the issues around the election.

17/40 Membership Development Group Update

Mrs Provins highlighted the membership matters statistics included in the report, which shows that just under half of those receiving the newsletter open it. She noted that a section will be added to the next newsletter which will ask for feedback about the content from members.

Mrs Provins stated that the AMM/AGM had been discussed at the meeting and the format agreed in terms of wrapping a couple of seminars around the AGM to try to boost attendance. Mr Neale asked if it was possible to know if the people attending the seminars were the same ones every time. Mrs Provins will see what information is available. Mrs Miller asked how many people had registered to attend and Mrs Provins stated that she did not have the figures. Ms Symington stated that she had written a large number of letters/emails inviting people to attend, but this had only generated a very small number of acceptances.

Action: Mrs Provins to look at attendance at the members seminars and AGM.

Mr Reakes asked about member recruitment and Mrs Provins stated that she had asked the group if they wanted sessions arranged for Governors to stand in the foyer to talk to people as they come into the hospitals, but it had been felt that this did not generate many new members. The group had stated that attending the recruitment fairs was the preferred option as this also generated younger members. Mrs Bolland stated that she had attended events both at York and Selby to try to recruit members and it was really difficult trying to persuade people to become members.

Mr Reakes asked about including stickers on the Friends and Family Test cards or adding to the texts being sent out. Mrs Provins reported that the Chief Nurse had stated that this was inappropriate at the present time. He also noted that QR codes for membership could be put up in Outpatients: it was felt that even when people are physically approached it is

difficult to get them to sign up to membership and using advanced technology would also limit sign up.

Mr Neale asked if Governors contact details could be placed on the boards going up in reception and Mrs Provins stated that she will ensure the generic email address is placed on each board.

Action: Mrs Provins to add the Governor's contact email to the notice boards

Mrs Stovell mentioned that there were no membership leaflets available in Bridlington foyer. Mrs Provins will look into this.

Action: Mrs Provins to look at the availability of membership leaflets

17/41 Audit Committee Annual Report

Mrs McAleese thanked the Council for appointing her and highlighted that she had big shoes to fill following Mr Ashton. She noted she was still the rookie, but promised to work diligently to fulfil the role requirement.

Mrs McAleese stated she was privileged to present the report which had been presented to the Audit Committee in July and the Board in August. She noted it was a standard format and wished to bring the following elements to the Council's attention:

Page 50 – she noted that following the departure of Mr Ashton the Audit Committee only had 2 NED members and that there were plans in place to bring in a third NED to this critical role.

Page 51 – she noted the duties of the Committee follow the guidelines laid down in the HFMA Audit Handbook.

Page 54 – she referenced the recent merger of Internal Audit with West Yorkshire to create Audit Yorkshire. Mr Ashton had previously chaired the Audit Yorkshire Alliance meetings and Mrs McAleese now attends as a member with Mr Bertram. Mrs McAleese highlighted how very beneficial it was to have 17 members of Audit Yorkshire which provided valuable networking opportunities. She has also arranged to meet the Chair of the Harrogate Audit Committee and Newcastle's Audit Committee Chair who is a former colleague.

Page 56 – Mrs McAleese stated that Mr Ashton's final comments were very important as it highlighted the Trust's strong, robust internal audit function which is well supported by the executive team. She also highlighted the openness and transparency described which gave her assurance.

Mr Neale was extremely encouraged by the strength of Internal Audit and the support provided by the Board as he felt this function had previously been undermined at a national level.

Ms Symington stated that it was about being open and looking for ways to do things differently, but it was also about taking credit for things that the Trust does well.

Mrs McAleese stated that the Trust also needed to be sighted on lessons such as that from Mid Staffs, which had focused heavily on finance to become an FT and put patient

safety and quality at risk as a result. She noted the next Audit Committee would take place on Monday and she would be working to ensure patient safety was not compromised in the current financial climate.

Mrs Bolland stated that this needed to be shared with staff at ward level so that they are aware of what is going on and receive assurance about the focus on patient safety.

Mr Neale highlighted recent headlines about a London Trust who were described as financially incompetent and the regulators had gone in. He was interested to know if this Trust was at risk. Mrs Thompson stated that this was more to do with irregularities than incompetence and Mrs McAleese stated that this Trust had a good record of financial delivery and this was more to do with the current wider context. Ms Symington stated that the Trust needed to be able to evidence that it had done everything it could to tackle and beat the current financial challenges.

Mrs Fields asked about the reappointment of External Audit and Mrs Provins stated that this was being dealt with by the Constitutional Review Group in the first instance and a recommendation would be brought to the December meeting of the Council.

Mrs Noble stated that as Head of Patient Safety at the Trust she could assure the Council that patient safety was number one on the agenda for the Board. She felt confident that patients remained safe and she had welcomed the level of openness and honesty around the financial discussion from the Chief Executive and Director of Finance.

Mr Sweet stated that the Council had received exactly the same level of information as that provided to the Finance and Performance Committee.

Ms Symington thanked Mrs McAleese for the report.

17/42 Any Other Business

Annual Members Meeting/Annual General Meeting – Ms Symington reminded everyone that this will take place next week on the 12 September.

NHS Carol Service - this will take place at York Minster on the 6 December.

Governors Christmas Lunch – this will take place on the 5 December at 12 noon. All governors are very welcome to this informal, social event, and this year, in light of the financial challenges, governors will be asked to pay for their own lunch.

Reflections on the meeting – Mr Reakes stated that the open and honest conversation about the financial position had been really appreciated. Mrs Fields wished to thank Mr Crowley and Mr Bertram for giving up their time to come to the meeting and provide the detailed information. Mr Butler was concerned about the timings as questions on the finance section had been cut short. Ms Symington stated that she and Mrs Provins would reflect as always on the timings, but it could be difficult to gauge how long each section would take. Mrs Noble stated that the finance position was an important subject which had been really useful. Mr Neale highlighted that the group is large and so that does restrict the number of questions which can be asked. Mrs Jackson highlighted that the theme of patient safety is always a priority as evidenced in the discussion.

17/43 Time and Date of the next meeting

The next meeting will be held on 7 December 2017 at Malton Rugby Club, Old Malton Road, Malton YO17 7EY