EXTRA ORDINARY MEETING OF COUNCIL OF GOVERNORS HELD ON WEDNESDAY 29TH NOVEMBER 2012 IN THE BOARDROOM, LEVEL D ROTHERHAM HOSPITAL

Public Governors: Sylvia Bird, Public Governor for Rotherham North
Anna Chester, Public Governor for Rotherham South
Jean Dearden, Public Governor for Wentworth South and Lead Governor/Chair of Meeting
Bridget Dixon, Public Governor for Rother Valley South
Ann Flack, Public Governor for Rotherham South
Graham Jenkinson, Public Governor for Wentworth Valley
Cherry Kipling, Public Governor for Wentworth South
Anne Selman, Rotherham North
Cynthia Shaw, Public Governor Wentworth North
Sandra Waterfield, Public Governor for Rother Valley South
Dennis Wray, Public Governor for Rother Valley West

Staff Governors: Firas Al-Modaris, Staff Governor for Medical and Dental
Rose Davis, Staff Governor for Professional Nurses & Midwives
Beverly Doane, Staff Governor for Other Staff Class
Jill Ward, Staff Governor for Other Health Professionals

Partner Governors: Jean Flanagan, Partner Governor for Sheffield Hallam University
Janet Wheatley, Partner Governor for Voluntary Action Rotherham
Ken Wyatt, Partner Governor RMBC

Present: Peter Lee, Chairman
Gabby Atmarow, Non-executive Director
Lorraine Brinnen, Community Involvement Manager
Mark Edgell, Non-executive Director
Julie Hickton, Non-executive Director
Matthew Lowry, Acting Chief Executive (minute 2012/76 only)
Nigel Ruff, Non-executive Director (in attendance at the Governor pre-meeting)
Kerry Rogers, Chief of Corporate and Legal Affairs/Company Secretary
Dawn Stewart, Corporate Governance Manager (minutes)

The extraordinary meeting of the Council of Governors had been convened at the request of Jean Dearden, Lead Governor as a result of the recent developments at the Trust and most particularly the announcement of the retirement of Brian James, Chief Executive. The meeting would allow the opportunity for Governors to ask specific questions and seek assurance from the Chairman and Non-executive Directors.

Matthew Lowry was welcomed to the meeting and provided a résumé of his role at the Trust which had been as Chief Financial Officer and more recently Chief Operating Officer. Throughout his time at the Trust he had also been the deputy Chief Executive.
He considered that SDS3 remained the correct strategy for the organisation and acknowledged that the Trust faced difficult financial challenges.

Dennis Wray, Public Governor for Rother Valley West, questioned the short timeframe (2 weeks) from Brian James announcing his retirement to his departure and asked if there was anything behind the speed of the change. Matthew Lowry indicated that Brian James had wished to avoid any protracted transition for the organisation, and confirmed that a thorough hand over had taken place and although not physically in the building he would continue to be available to support the organisation as required over coming months.

Jean Flanagan, Partner Governor for Sheffield Hallam University, indicated for the wider Council of Governors that the Nominations Committee at their meeting on 22nd November 2012 had questioned the capacity of the Board of Directors following the retirement of the Chief Executive and the departure of the Chief of Service Transformation and she sought assurance on the arrangements which were planned to be put into place. Matthew Lowry confirmed that the interim arrangements had been discussed and agreed by the Nominations Remuneration and Terms of Service (NRATS) Committee. These interim arrangements would see a number of Directors currently working at the Trust undertaking additional roles at Executive Director level. The Non-executive Directors present all confirmed that NRATS, which was wholly a Non-executive Director committee, had robustly challenged the proposals. Matthew Lowry agreed to circulate the management structure to the Governors.

2012/76 MONITOR STAGE 2 REVIEW

It was confirmed that as part of the escalation process the Board of Directors had been requested to attend a Monitor panel on Monday 17th December, with the focus likely to be on how the Trust would recover to a Financial Risk Rating (FRR) of 3 without the quality of services deteriorating. Based upon the outcome of the meeting the sanctions available to Monitor could be to accept the current position and define timeframes for significant improvements or, invoke their powers by declaring the Trust to be in significant breach of its terms of authorisation. The latter would enable Monitor to implement additional intervention powers if it chose to do so.

The Council of Governors requested that the Chairman provide specific information regarding what constituted a stage 2 review and escalation process.

ACTION – PL

In order to prepare for the Monitor panel meeting, develop the recovery plan (in draft by end of December and the final version in February 2013) and manage the cost improvement programme the Trust had engaged external consultants as defined in the next section to support the organisation on a short term basis.

Peter Lee indicated that he had every confidence that the Trust was doing all that it could to resolve the position and had taken the steps through appointment of external consultants which Monitor had wished to see.

Dennis Wray, Public Governor for Rother Valley West, asked if by bringing in external consultants this meant that the Trust was not doing all it could itself. Peter Lee indicated that the external consultants would provide additional capacity in order to ensure that the day to day management of the Trust continued at a consistently high level and they would formalise the work which had already begun in relation to the recovery plan.
Jean Flanagan, Partner Governor for Sheffield Hallam University, questioned if the decision to bring in external consultants had been the consensus of the whole Board of Directors – which it was confirmed that it had. Mark Edgell, Non-executive Director indicated that the external consultants had been brought in to provide benchmarking data and information on schemes successfully implemented at other organisations to support achievement of the required savings.

Ken Wyatt, Partner Governor RMBC, indicated that it was apparent that a number of Trusts were also in difficulty and there was a requirement for a significant range of plans to be utilised. He questioned when the Trust would be formally made aware of the outcome of the Monitor panel. Peter Lee indicated that he did not anticipate any formal outcome prior to Christmas, but anticipated that it would be as soon as possible. Peter Lee also indicated that contrary to rumour the Trust was not bankrupt.

Jill Ward, Staff Governor for Other Health Professionals, indicated that the forthcoming consultation and potential number of job losses would require significant redesign of services and therefore engagement of staff, She asked how confident the Board were in the proposed plans. Julie Hickton, Non-executive Director indicated that following the discussion held at the Board of Directors which had solely focussed on the Consultation process she was more assured now that the plans and processes were appropriate. The Trust had sought legal advice on the consultation process and any risks were being minimised. Jill Ward continued by indicating that staff currently felt outside the process. Matthew Lowry indicated that some of the cost improvement plans had been designed by individual services and therefore they would be aware of the specific details, others were at an organisational level and had been discussed at the Board of Directors.

Rose Davis, Staff Governor for Professional Nurses & Midwives, indicated that she was aware that senior nursing colleagues were concerned regarding safety and quality of care and questioned the level of assurance that these would not be affected by the proposed plans. Mrs Hickton indicated that there was a recognition by the Board of the potential impact on safety and quality and this had formed part of the reasons for the Board of Directors making the decision earlier in the day to close one ward and pursue other work streams such as reducing admissions and length of stay to support any future decision regarding further ward closures. Matthew Lowry further added that the aspiration remained to increase the use of community services and therefore reduce the reliance on acute hospital beds, which would then support the reduction in bed/ward numbers. Gabby Atmarow concurred that the discussions at the Board of Directors earlier in the day had always defaulted back to the requirement not to compromise patient safety and the quality of care. Mark Edgell also indicated that the closure of beds/wards should be seen as a sign of success as it showed that the Trust was treating patients in different ways which did not rely on acute hospital beds. Appropriate escalation processes would also be in place to ensure patient care was not compromised.

*Sylvia Bird, Public Governor for Rotherham North, left the meeting at this point.*

Cynthia Shaw, Public Governor Wentworth North, indicated that it was encouraging that the organisation considered that it could make the necessary changes, but was surprised that the Trust was in the current position and that external consultants were being brought in. Matthew Lowry indicated that as the 2013/14 plan was important to the organisation the use of external consultants would support us in that. It was confirmed for the Governors that the external consultants were not each being paid £3,000 per day as was being reported in the media.
Bridget Dixon, Public Governor for Rother Valley South, requested confirmation that PWC were aware that Rotherham was an area of high deprivation when they used their benchmarking data in order that the Trust was being compared with like for like organisations. Peter Lee indicated that any such inaccuracies had been identified and rectified in the report from PWC which had been submitted to Monitor. Matthew Lowry reiterated that the Board of Directors would be ultimately responsible regarding decisions associated with the Trust and not the external consultants.

*Ken Wyatt, Partner Governor RMBC left the meeting at this point.*

Jean Flanagan, Partner Governor for Sheffield Hallam University, indicated that the Council of Governors had worked hard to ensure high standards at the Trust regarding quality and like other Governor colleagues felt uncomfortable that the full facts regarding the financial position where just becoming known to the Governors. This identified the need for improving the relationships with the Non-executive Directors to gain the level of assurance moving forward. Peter Lee conceded that although recent events had taken place at a pace, there was a need for improved communication between the Board and the Council of Governors.

Anna Chester, Public Governor for Rotherham South, sought assurance that the Board of Directors were satisfied that there was the right capacity to make the right decisions, which Matthew Lowry confirmed there was. As advocates for the Trust within the community there was a need that the Governors remained informed of the facts. She sought assurance that due to recent adverse media coverage that appropriate declarations of interest had been made at the time of EPR procurement. Matthew Lowry confirmed that rumours relating to Brian James had been untrue and that at the time of the discussion regarding the preferred supplier for EPR no declarations were made and no subsequent information had highlighted the requirement for any declarations.

Sandra Waterfield, Public Governor for Rother Valley South, indicated as had been highlighted a number of times that Board communications with the Governors was imperative as the Governors were proud of the Trust and wanted to be honest with their members, which could only happen if they had the information.

*Sandra Waterfield, Public Governor for Rother Valley South, left the meeting at this point.*

*Matthew Lowry was thanked for his attendance and left the meeting at this point.*

**2012/77 INFORMATION REGARDING CONSULTANCY ARRANGEMENTS**

The Council of Governors were informed of the external consultancy engagements made in recent weeks to support the Trust’s recovery. They were:

- PricewaterhouseCoopers to support the development of the recovery plan and help reshape the Project Management Office (PMO).

- Bolt Partners LLP to provide a Transformation Director to support PMO, development of the recovery plan and ensure expeditious delivery of transformation schemes
• An external organisation would be contracted to undertake a review of Community Services to assess areas for potential efficiency gains.

Dennis Wray, Public Governor for Rother Valley West, requested that the Governors were updated on a monthly basis on progress against the PMO projects, with the Non-executive Directors to provide the necessary assurance to the Governors.

**ACTION – PL**

Cherry Kipling, Public Governor for Wentworth South, questioned the position regarding the number of external influences being brought into the organisation and the potential for disagreement. It was confirmed that the external consultancy were advisors to the organisation and had well defined accountabilities. No decisions would be made by any of the external consultants as the final decision would always be either the Acting Chief Executive or the Board of Directors.

Graham Jenkinson, Public Governor for Wentworth Valley, questioned when the Trust realised the magnitude of the situation it currently faced. Mr Lee indicated that the level of the savings required and the limited availability of reserves to ease the position had been recognised in September.

Rose Davis, Staff Governor for Professional Nurses & Midwives, sought clarification of the consultation process which would help define the areas of staff savings proposed as currently staff were awaiting the announcements. Mrs Hickton, Non-executive Director confirmed that the Board of Directors had agreed the process earlier in the day, with there being two phase of the launch one on 3rd December and one on 14th December. Mrs Rogers would contact the Chief Human Resources Officer to ensure that the Staff Governors formed part of the briefing process.

**ACTION – KR**

Mrs Rogers indicated that the information provided to the Board, Council of Governors and the Annual General Meeting had highlighted the significant financial challenges ahead, and that the escalation to a Stage 2 review by Monitor was as a result of potential concerns regarding the organisations ability to address the challenges.

Jean Flanagan, Partner Governor for Sheffield Hallam University, questioned if job losses were the only mechanism available to achieve the level of savings required. Mr Lee indicated that staff costs were 70% of expenditure of the organisation, while considering implementing a wide range of other options staff reductions would still be required. It was acknowledged all this would need to be balanced against the need to maintain quality and safety.

Janet Wheatley, Partner Governor for Voluntary Action Rotherham, commented on the cumulative effective on Rotherham from potential job losses from the Trust and other large organisations who inevitably would be announcing large job losses.

Jean Dearden, Public Governor for Wentworth South/Lead Governor questioned the appointment of ‘consultants’ within the HR Department and was informed that these were interim appointments specifically engaged to support the organisation through the Consultation process.
The Council of Governors APPROVED the interim CEO arrangements following the retirement of the Chief Executive. The appointments process would commence as soon as possible.

The Council of Governors NOTED that the Nominations Committee had been invited to attend the January 2013 Board of Directors meeting as observers to test the processes for opening Board meetings to the public. The wider Council of Governors SUPPORTED the proposed approach.

Graham Jenkinson, Public Governor for Wentworth Valley, left the meeting at this point.

The Governors and Non-executive Directors discussed the possible areas to improve communication between the two groups, with examples of Non-executive Directors attending the Governor Forums to provide updates on specific topics. Additionally, a suggestion was put forward that the opportunities for more frequent meetings should be considered. It was AGREED that the options should be considered at the next Governors Forum, with formal recommendations to the January 2013 Council of Governors meeting.

Jenkinson, Public Governor for Wentworth Valley, left the meeting at this point.

The Chairman and Company Secretary would ensure a true for us review of the various documents which had been published recently in relation to Governor roles and involvement was part of the governor working group project plan.

There were no other questions or areas for further clarification from the Governors.