

King's College Hospital NHS Foundation Trust Board of Directors

Minutes of the meeting of the Board of Directors
 Held at 14.00 hrs on Tuesday, 5th June 2007 in the Dulwich Committee Room, King's College Hospital

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| Present: | Michael Parker (MP) | Chair |
| | Rita Donaghy (RD) | Non-Executive Director |
| | Robert Foster (RF) | Non-Executive Director |
| | Maxine James (MJ) | Non-Executive Director |
| | Malcolm Lowe-Lauri (MLL) | Chief Executive |
| | Jacqueline Docherty (JD) | Executive Director of Nursing and Operations |
| | Michael Griffin (MG) | Executive Director of Human Resources |
| | Professor John Moxham (JM) | Executive Medical Director |
| | Simon Taylor (ST) | Chief Financial Officer |

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| In Attendance: | Ahmad Toumadj (AT) | Director of Facilities |
| | Jane Walters (JW) | Director of Corporate Affairs |
| | Roland Sinker (RS) | Director of Strategic Development |
| | Rita Chakraborty (RC) | Assistant Board Secretary |
| | Sally Lingard (SL) | Head of Corporate Communications |

| Item | Subject | Action |
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| 07/88 | Apologies Alan McGregor and Maxine James. | |
| 07/89 | Declarations of Interest None. | |
| 07/90 | Chair's Action None. | |
| 07/91 | Finance Report – Month 12 (06/07) | |

ST introduced the report. A year-end surplus I & E surplus of £4.426m had been achieved against a target of £4.30m and a cash surplus of £1.1m. A financial risk rating of 3 had been achieved for 2006/07 and was also predicted for 2007/08. 87% of planned CIPs had been achieved.

The Board noted the Month 12 Finance Report.

07/92 Finance Report – Month 1 (2007/08)

ST introduced the report. The surplus target of £7.3m was based on signed service level agreements. Discussions were taking place with Care Groups around the 18-week activity targets. A CIP target of £22.7m had been set of which all but £500k had been identified.

There was an in-month deficit of £101k. The working capital facility had been accessed due to the impact of the PCT shared services process, which only pays for signed invoices, on cash flow. The Board urged the Finance Team to press for timely payments. As an FT, service level agreements were legally enforceable. MLL would raise the issue at his next meeting with Ruth Carnall.

Capital expenditure funding had been identified for the majority of projects on the Trust's capital programme. Final confirmation on capital funding arrangements for the planned improvements to A&E was awaited. Plans were nearly agreed and the Trust would be tendering the contract in the next month.

The Board noted the Month 1 Finance Report.

07/93 NHS Trust Accounts and Auditor's Report to 30 November 2006

ST introduced the item. This was the first of 2 sets of accounts for Board approval and covered the 8 months to 30 November 2006. Members of the Audit Committee had discussed the accounts and governance report with the Trust's auditors. There were no outstanding issues; therefore the auditors would be issuing an unqualified opinion. The final surplus had increased as a result of adjustments identified by the auditors.

The following issues were raised by the Board:

- A/c's p.17 – staff classed as “social care” may be trainees prior to qualification and this will be clarified.
- A/c's p.27 – reasons for the increase in the clinical negligence provision. The figure is estimated by the NHSLA based on a probability of maximum payment in respect of clinical negligence liabilities. Further clarification would be sought from the NHSLA on their calculation methods.
- Governance Report p.14 - Auditor Evaluation of Self Governance should be considered by the Audit Committee and not the Trust Executive.

The Board noted the Accounts and Auditor's Report and **APPROVED** the NHS Trust Accounts to 30 November 2006.

07/94 FT Accounts 01 December 2006 – 31 March 2007 and Auditor's Report

ST introduced this item. The Audit Committee had considered the accounts and report earlier that day. There were 2 notable changes in accounting policy as an FT. Firstly, work in progress could be accrued; secondly, a provision was required for inter-NHS debts because these were now legally enforceable.

The auditor's report contained 2 outstanding issues, which the Trust would have normally addressed prior to presenting the accounts to the Board. However, the deadline set by Monitor was one month earlier this year which had resulted in a small number of issues being clarified very late in the process.

Valuation of Dawson Ward

Following a £1.4m upgrade, the auditors required verification of the current economic value of Dawson Ward by the District Valuer. This had taken place that same morning and the ward had been valued at £1.3m - £400k lower than the figure in the Trust's asset register. The variance would be taken to the revaluation reserve, which stood at £500k, therefore this adjustment would have no material impact.

RF informed the Board that at the Audit Committee held that morning, it had been recommended that in future the District Valuer is called in prior to the Trust undertaking major works. This will ensure any impairments are identified prior to work starting.

Recognition of creditors in accounts

A sampling exercise had shown that not all invoices were recorded within year and, if extrapolated, the total amount would be £900k. Following further investigation by the Finance Team, this figure was reduced to £500k. ST pointed out that the same situation arose every year. However, any change would be below the materiality level for an organisation of the Trust's size.

The Board made the following observations:

- p.10 – amend comparative figures to accurately reflect the transfer of assets and include an explanatory note
- p.23 – amend “co-opted members of the Trust Board” to “Non-voting Directors”; also, in the footnote, change “Non-Executive members” to “Non-executive appointees”
- p.34 – related party transactions to list Trust subsidiaries.

As recommended by the Audit Committee, the Board **APPROVED** the accounts and any alteration up to a maximum of £750k and delegated authorisation of any changes to the Chief Executive, Chairman and the Chief Financial Officer.

07/95 Annual Report 2006-07

JW introduced the item. This year's annual report fulfilled the governance requirements for both reporting periods and included 2 summary financial statements. It was a requirement of Monitor that the Board of Directors approve the Trust's annual report. A separate compliance statement will accompany the report in response to the FT Code of Governance.

JW recommended that any minor changes made after approval are authorised by MLL. Following submission of the document text to Monitor, a published document will be prepared and presented to Parliament by July 17th.

RF reported that the Audit Committee had considered the text of the annual report at its earlier meeting, had provided some minor comments, and were happy with the content.

JW asked Board members to forward any final comments to SL or RC within the next 2 days as the submission date was less than a week away. A summary annual report was being designed for distribution to Trust members.

The Board noted and **APPROVED** the Annual Report 2006-07, and authorised MLL to approve any final textual changes ahead of submission to Monitor.

07/96 Compliance Statement

JW introduced the item. The revised statement incorporated comments received on the draft at the last Board meeting. The Board made the following additional comments:

A.3.1 – to add an explanation that, when present on the Trust's Board of Directors, Alan McGregor is not acting as a representative of KCL.

C.2.1 – the Medical Director is employed under a different contract than other Executive Directors.

C.2.2 – statement to clarify that, a Non-executive Director appointed as Chair may subsequently serve as Chair for a further term of four years, subject to a maximum of two four-year terms.

Subject to these changes, the Board noted and **APPROVED** the Compliance Statement.

07/97 Revised Terms of Reference of the Remuneration and Appointments Committee

MG introduced the tabled item. In response to the code provision concerning the appointment of Executive Directors, it was deemed sensible to combine this role with that of the existing Remuneration Committee.

The Board made the following comments:

- the Committee to determine any stipend awarded to the Medical Director for their Executive role
- Trust to develop a framework for assessing opportunities from international projects distinct from the work of the IDU.

Subject to this minor change, the Board **APPROVED** the Revised Terms of Reference of the Remuneration and Appointments Committee.

07/98 Roles of the Chairman and Chief Executive

JW introduced this tabled item, which was in response to a Code provision for a clear division of responsibilities between the chairing of the boards and the executive responsibility for running of the FT's business.

RF suggested more clarity was needed on the Chairman's ambassadorial role. A further bullet point would be added to the role description of external representation.

The following changes were agreed:

Role of the Chairman

- 1st point to read – "Chairs the Board of Directors, which is responsible for the strategic direction of the Trust;"
- 2nd point to read – "Chairs the Board of Governors;"
- Final point to read – "...Non Executive Directors' or Governors' approval as appropriate."

Subject to the agreed minor changes, the Board **APPROVED** the Roles of the Chairman and Chief Executive.

07/99 Any other Business

A delegation from the Singapore government was due to visit the UK shortly and had expressed interest in forming a strategic alliance with King's, especially around radiology, liver and pathology. Singapore was expanding its provision of private health care for overseas patients.

It was recommended that a Memorandum of Understanding be considered by the Board at its next meeting with a view to exploring areas for possible co-operation.

The Trust regularly receives similar approaches, therefore needs to agree criteria for assessing each opportunity and appropriate infrastructure arrangements for when projects are progressed.

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| ACTION: Draft MOU for Board consideration at 26 June meeting | ST |
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Date of Next Meeting:

Tuesday 26 June 2007 at 2.00 pm in the Dulwich Committee Room.