

## EXTRAORDINARY MEETING OF COUNCIL OF GOVERNORS

Wednesday 12 October 2016 commencing at 2.00 pm

Training Rooms 1 & 2, First Floor, Research & Development Centre,  
Kingsway, Derby, DE22 3LZ

The meeting opened at 2.00 pm and closed at 3.40 pm

<b>PRESENT:</b>	Caroline Maley	Senior Independent Director and Non-Executive Director
<b>GOVERNORS:</b>	Shelley Comery Rosemary Farkas Ruth Greaves Gillian Hough Alexandra Hurst Moira Kerr April Saunders John Morrissey Kelly Sims	Public Erewash North Public Surrounding Areas Public Derbyshire Dales Public Derby City East Public High Peak Public Derby City West Staff (Nursing and Allied Professions) Public Amber Valley South and Lead Governor Staff (Admin and Allied Support)
<b>IN ATTENDANCE:</b>	Maura Teager Margaret Gildea Julia Tabreham Ifti Majid Samantha Harrison Anna Shaw Donna Cameron Rehana Shaheen	Non-Executive Director Non-Executive Director Non-Executive Director Acting Chief Executive Director of Corporate Affairs and Trust Secretary Deputy Director of Communications and Involvement Corporate Services Officer (note taker) Carer
<b>APOLOGIES:</b>	Richard Gregory Paula Crick Rob Davison Lynda Langley Carole Riley	Interim Chairman Appointed, University of Derby Appointed, Derbyshire County Council Public Chesterfield North Public Derby City East

DHCFT/Gov/ 2016/068	<p><b><u>WELCOME, INTRODUCTIONS, CHAIR'S OPENING REMARKS, APOLOGIES &amp; DECLARATIONS OF INTEREST</u></b></p> <p>Caroline Maley, Senior Independent Director, welcomed attendees to the meeting. Apologies were offered on behalf of the Chair, Richard Gregory, and Caroline Maley advised she would be chairing today's meeting in his absence.</p> <p>Governors were thanked for accommodating this Extraordinary Meeting of the Council of Governors (CoG).</p> <p>Further to an item escalated to CoG by the Governance Committee earlier this week, today's agenda will, in addition to the planned business, provide an update on the Strategic Options Case and associated next steps.</p> <p>There were no declarations of interests made.</p> <p>Apologies were noted as listed above.</p> <p>John Morrissey queried if this meeting was a public meeting of the CoG, which was confirmed.</p>
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**BOARD SUCCESSION PLANNING & THE STRATEGIC OPTIONS CASE**

Ifti Majid reminded governors that the Strategic Options Case (SOC) will be discussed in the Confidential Trust Board Meeting on 27 October. The SOC document is a complex options appraisal which will give a high level description of the potential clinical, organisational and financial benefits of increased collaboration between the Trust and Derbyshire Community Health Services NHS Foundation Trust (DCHS) and will point to a preferred option. During the Confidential Trust Board the Directors will have an opportunity to discuss the SOC and decide whether or not to invest further time and resources in progressing to the next stage. The Confidential Board meeting will conclude with a recommendation to propose to the Council of Governors (CoG).

Immediately after the Confidential Board meeting there will be a private CoG and Board of Directors development session which will provide the opportunity to discuss the recommendation of the Board. CoG will not be required to make any decisions at this point.

After the meeting on 27 October there is a three week period where NHS Improvement will review the SOC and the Board's decision. NHS Improvement will use this time to assure themselves of the decision taken by the Board on 27 October on whether to progress to the next stage in the process or not.

If the Board's decision has been to continue to the next stage and this is approved by NHS Improvement there will then follow a six month period in which both Trusts will undertake stage one of the due diligence process, referred to as the Outline Business Case. This will involve engagement with stakeholders, both sets of governors, GPs, community interest groups, MPs and the public. Work will also begin to understand potential financial benefits. Alongside this, there will be deeper investigation into clinical outcomes and benefits.

At the end of this six month period, when the Outline Business Case is completed, each Board has to agree if they wish to progress to the next stage. The decision to progress is not a decision to deliver the transaction. It is an indication that both Trusts are still convinced of the benefits seen in the Outline Business Case and that they agree they are working in the right direction for the benefit of patients and the community.

There is a further potential six week break period at this time when NHS Improvement perform another check to assure themselves of the direction of the process.

Continued progress at this stage would be to stage two of due diligence, referred to as the Full Business Case. The Full Business Case includes an independent assessment/review by of due diligence by an external party in order to gain assurance/confirmation that processes and decision making have been sound. While this is taking place, the Trusts will begin to detail the longer term (five year) financial model.

When independent assessment has been concluded and the financial modelling complete, each CoG will be presented with a recommendation from their Board seeking approval on whether or not to proceed.

As outlined above, this process may take over a year. Ifti Majid assured governors they will be kept informed regularly through that time period. The intention is that governors be prepared and provided with sufficient information to enable them to consider the recommendation from the Board.

Ruth Greaves asked what would happen if governors disagreed with the direction of

travel before reaching the decision point. Ifti Majd assured governors that during the six month period when the Outline Business Case is developed governors will be involved in the engagement process. The Board expects and needs to be cognisant of what the governors are thinking during this time and will make every effort to ensure they are.

Gillian Hough expressed her frustration that there only appears to be one partner/collaborative option; DCHS. Ifti Majid clarified that all local providers have been assessed through the SOC against a variety of criteria. Governors were assured that whatever the final decision is, partnerships or collaborations with other organisations to achieve the best outcomes for services will continue; this is not a mutually exclusive collaboration. For example, work continues currently to review consolidating back office services across the county alongside the SOC work.

Ruth Greaves was concerned at the lack of approval points for governors through the process. Ifti Majid advised that while the process is mandated, the Board will be very clear in engaging with governors throughout, listening to views and providing support to ensure they are comfortable with progression points. Caroline Maley reiterated this point.

Moira Kerr asked for governors to be allowed to observe the Confidential Board Session on 27 October, adding that she is aware this is permitted in other Trusts. Caroline Maley agreed to take on board the request but reminded governors that they will have opportunity to challenge the Board during the Private CoG/Board workshop on 27 October.

April Saunders thanked Ifti Majid for the clarity on the process and asked that some assurances be given to staff as she had received feedback from staff that the situation is causing stress and anxiety. Ifti assured that following today's meeting a communication will be issued to staff where the process to be taken forward would be made as clear as possible.

Discussions moved to the constitution of the Board of Directors on 27 October when it was noted that Amanda Rawlings will be present. Caroline Maley confirmed the Board would be fully constituted at the meeting and that Amanda Rawlings will declare a conflict of interest due to her employment with DCHS, as she had at all previous meetings. Concerns were taken on board regarding the conflict. In the event of the Director of Organisation and People Effectiveness not being in the room, HR expertise is available on the Board through Margaret Gildea, Non-Executive Director, who is an HR professional.

### **Independence of the Process**

Ifti Majid outlined that there are two ways for Boards to maintain their independence. Firstly, is to keep totally separate Boards. The second option, outlined in the NHSI Transaction Guidance and preferred by NHSI, encourages closer Board collaboration to create efficiencies and drive increased understanding of the merger, if the merger route is recommended. For example, Royal Derby Teaching Hospitals NHS Trust and Burton Hospitals NHS Foundation Trust currently have a joint Chair. DHCFT is already sharing a Director of Organisation and People Effectiveness with DCHS. Should the Trust continue down that route the way to preserve independence is via formal, legally constituted partnership agreement, describing clear break points for separation of any joint arrangements in order to revert back to two independent organisations.

In the near future there will be two pressure points regarding senior leadership; the departure of the Interim Chair and the secondment of the Acting Chief Executive. Due to the close proximity of the SOC meeting on 27 October and the Acting Chief

	<p>Executive's proposed departure in November, Ifti has confirmed he will delay his secondment until the end of November, therefore giving stability during the three week consideration period after the delivery of the SOC. The Board will work with the CoG to ensure that an informed decision can be reached regarding joint Chief Executive and/or joint Chair decisions. It is not recommended that the decision on the Chief Executive appointment is delayed any further than the end of November. It may be necessary to have some joint sessions with NEDs and the CoG explores the benefits of sharing posts or exploring alternatives. Following this it is recommended that a decision is made on the Chair position. Ifti Majid suggested that it may not be practical to seek external Chair or Chief Executive appointments.</p> <p>Caroline Maley concluded that consultation will be frequent throughout the process with the objective being the best outcome for the residents of the county.</p> <p>Governors thanked Ifti Majid for his presentation and Ifti left the meeting at 3.00 pm.</p> <p><b>ACTION: Attendance of governors at Confidential Trust Board meeting on 27 October to be considered.</b></p> <p><b>Post meeting note: all governors were duly notified that the Confidential Trust Board meeting would remain a closed meeting and that governors would be able to have full and open discussion with the Board at the CoG/Board meeting scheduled to follow the Board meeting on 27 October.</b></p>
<p><b>DHCFT/Gov/ 2016/070</b></p>	<p><b><u>APPOINTMENT OF NON-EXECUTIVE DIRECTORS</u></b></p> <p>John Morrissey presented a recommendation from the Nominations and Remuneration Committee to appoint two Non-Executive Directors (NEDs) to fill the vacancy left by Jim Dixon and the additional NED role on the Board.</p> <p>Following advice from Human Resources, assurance was given that due to the very recent recruitment process for NEDs (July 2016), it was possible to draw upon the remaining candidates from the cycle. Nominations and Remuneration Committee, at their meeting on 21 September, reviewed the remaining applications and concluded to recommend the appointment of Richard Wright and Barry Mellor. Richard's appointment would be for a three year term. Barry Mellor's appointment would be for a one year term.</p> <p>Margaret Gildea left the room while Council of Governors debated the approval of candidates, giving their feedback from the original interview and views on suitability. The decision to appoint each candidate proceeded to a vote. Of the eight governors present, six accepted the recommendation to appoint each candidate, with two governors abstaining from the vote.</p> <p><b>RESOLVED: Council of Governors approved the appointment of Richard Wright as Non-Executive Director of the Trust Board for a three year term of office with an annual fee of £12,638.</b></p> <p><b>RESOLVED: Council of Governors approved the appointment of Barry Mellor as a Non-Executive Director of the Trust Board for a one year term of office with an annual fee of £12,638.</b></p> <p><b>Appointments will commence as soon as possible, preferably from 1 November, subject to completion and compliance with Fit and Proper Persons checks.</b></p> <p><b>ACTION: Sam Harrison to initiate relevant paperwork and liaise with candidates to complete the recruitment and induction process.</b></p>

<p><b>DHCFT/Gov/ 2016/071</b></p>	<p><b><u>APPOINTMENT OF DEPUTY TRUST CHAIR</u></b>  Julia Tabreham left the room in order for John Morrissey, Lead Governor, to present the recommendation of the Nomination and Remunerations Committee to approve the appointment of Julia Tabreham to the position of Deputy Trust Chair, effective from 1 November 2016, upon the departure of Jim Dixon. Careful consideration had been given by the Nominations and Remuneration Committee regarding the requirements of the Trust in relation to the needs of the Board of Directors and Council of Governors. The appointment will run to the end of Julia’s current three year term as Non-Executive Director. The role attracts an additional payment of £1,250 annually</p> <p><b>RESOLVED: The Council of Governors accepted the recommendation to appoint Julia Tabreham as Deputy Trust Chairman in line with Paragraph 4.4 of the Trust’s constitution.</b></p> <p><b>ACTION: Sam Harrison to initiate relevant change paperwork and confirm appointment and induction arrangements.</b></p>
<p><b>DHCFT/Gov/ 2016/072</b></p>	<p><b><u>ANY OTHER BUSINESS</u></b></p> <p><b>Escalation item from Governance Committee</b>  Gillian Hough asked governors if they were content that the question escalated to Council of Governors from the Governance Committee had been addressed. The question was:</p> <p><i>Governance Committee would like to know more about the progress, process, pace, efficiency and effectiveness of the SOC.</i></p> <p>With regards to efficiency, Ruth Greaves and Moira Kerr sought clarification on the motivation for the collaboration process. Caroline Maley reminded governors that this forms part of the wider county-wide Sustainability and Transformation Plan and to achieve efficiencies as recommended in Lord Carter’s review on productivity in the NHS. The objective is to provide the best services for patients and community.</p> <p><b>RESOLVED: Governors agreed that the question had been addressed.</b></p>
<p><b>DHCFT/Gov/ 2016/073</b></p>	<p><b><u>MEETING CLOSE</u></b>  There being no other matters to discuss, Caroline Maley thanked governors for attending and closed the meeting at 3.40 pm.</p>
<p><b>DHCFT/Gov/ 2016/074</b></p>	<p><b><u>DATE OF NEXT MEETING</u></b>  Thursday, 24 November 2016 at 1pm, Conference Rooms A&amp;B, Centre for Research and Development, Kingsway site.</p>