

**Minutes of the Board of Directors meeting held on 17<sup>th</sup> June 2013 in the Directorate Meeting Room, Royal Brompton Hospital, commencing at 10 am**

Present: Sir Robert Finch, Chairman SRF  
 Mr Robert Bell, Chief Executive BB  
 Mr Robert Craig, Chief Operating Officer RCr  
 Mr Richard Paterson, Associate Chief Executive - Finance RP  
 Mr Neil Lerner, Non-Executive Director NL  
 Pr Kim Fox, Non-Independent Non-Executive Director KF  
 Mr Richard Connett, Director of Performance & Trust Secretary RCo

By Invitation: Mr David Shrimpton, Private Patients Managing Director DS

In Attendance: Mr Anthony Lumley, Corporate Governance Manager (minutes)  
 Mr Tim Callaghan, Head of Financial Management  
 Mr Rod Morgan, Chief Accountant

Apologies: Mr Richard Hunting, Non-Executive Director  
 Ms Kate Owen, Non-Executive Director  
 Mrs Jenny Hill, Senior Independent Director  
 Pr Timothy Evans, Medical Director & Deputy Chief Executive  
 Dr Caroline Shuldham, Director of Nursing & Clinical Governance  
 Mrs Lesley-Anne Alexander, Non-Executive Director  
 Dr Andrew Vallence-Owen, Non-Executive Director

2013/52 SRF welcomed Professor Kim Fox to the Board. RCo confirmed that the Board was quorate.

2013/53 RENEWAL OF WORKING CAPITAL FACILITY (WCF)  
 RPa introduced the report and said the Trust currently benefits from a £22m WCF provided by Barclays Bank valid until 17 June 2013. This facility not only provides a potential source of funding to cover temporary liquidity problems but also contributes beneficially to the Trust's Financial Risk Rating (FRR) as determined by Monitor. From 1 October 2013 the way in which the financial strength of Foundation Trusts is assessed is changing from FRR to the Continuity of Service regime. As a result, the beneficial impact on the Trust's financial rating that a WCF provides would be eliminated. Although access to a short-term funding facility would still be desirable, the Trust would require a smaller facility, probably £5m-£10m. Until 1 October the benefit to the Trust's FRR provided by our substantial WCF remains effective. The Trust has therefore asked the Bank to extend the term of the existing WCF to 30 September 2013. This request has been accepted in principle and the Bank has provided a draft Letter of Variation. The cost to the Trust associated with the WCF depends on the quantum of the facility. The cost of extending the existing WCF from 17<sup>th</sup> June to 30<sup>th</sup> September would be c.£25,000.

RPa said the Board was requested to approve the counter-signature of the Letter of Variation by Richard Paterson and another executive director of the Trust. He suggested that RCg as the other signatory. This was approved.

There was produced to the meeting a letter of variation (the Letter of Variation) from Barclays Bank PLC (the Bank) to the Trust setting out the amendments to a facility agreement dated 17 June 2011 pursuant to which the Bank offered the Borrower (as defined in the Letter of Variation), the Facility (as defined in the Letter of Variation).

IT WAS RESOLVED

1. That the amendments set out in the Letter of Variation are in the interests of and for the benefit of the Trust and are most likely to promote the success of the Trust for the benefit of the members as a whole and that such terms and conditions of the Letter of Variation be and are approved and accepted.
2. That Mr Richard Paterson, Associate Chief Executive – Finance; and Mr Robert Craig, Chief Operating Officer, are authorised to sign the Letter of Variation on behalf of the Trust to indicate acceptance of the terms and conditions.
3. That the Bank is authorised to act in all matters concerning the Facility as amended by the Letter of Variation upon instructions from the Trust, in its capacity as Borrower of the Facility, signed in accordance with the Bank’s mandate for any of the accounts of the Trust held with the Bank current from time to time.

Certified to be a true extract from the minutes of a duly convened meeting of the Board of Directors validly held on the date shown above.

..... Trust Secretary

..... Chairman

2013/54

APPOINTMENT OF EXTERNAL AUDITORS 2013/14

Introducing the report RPa said the appointment of external auditors is a matter reserved for the Council of Governors, normally based on recommendation of the Trust Board. At the Council meeting on 26 February 2013 he had reported to the Governors that the contract for external audit services would shortly be put out for tender for financial years commencing 2013/14, a process that would be controlled by the Trust’s Audit Committee.

Deloitte have been the Trust's auditors for 10 years, the lead audit partner having changed five years ago.

Although there is no requirement to change audit firms after a specified period it is recommended that the position should be 'tested' (not necessarily a full tender process) at least every five years. So far as the lead audit partner is concerned, although there is a maximum of seven years for listed companies and 'public interest' entities, for foundation trusts a term of up to ten years is permissible.

Subsequent to the February Council meeting, however, it was reported to the Audit Committee that the lead partner would be unable to participate in the proposed tender process as she would be on maternity leave. As the Committee wished to include Deloitte in the roster of firms invited to tender, a decision was taken by the Audit Committee, subject to approval by both Board and Council of Governors, that the tender process should be deferred by one year to summer 2014 with a view to making a formal appointment with effect from the financial year 2014/15.

The Board was therefore invited to consider the view of the Audit Committee and, if appropriate, to recommend this deferral to the Council of Governors which meets on 22 July 2013, inter alia to appoint the Trust's external auditors for the financial year 2013/14: if the proposal is accepted, the Board's recommendation would be to re-appoint Deloitte LLP for that year.

NL said that as Chair of the Audit Committee he supported the proposal outlined above.

The Board approved recommending to the Council of Governors deferral of the appointment of the external auditor for 12 months and the re-appointment of Deloitte LLP as the Trust's external auditors for the financial year 2013/14.

#### DATE OF NEXT MEETING

Wednesday 24<sup>th</sup> July 2013 at 2 pm in the Board Room, Royal Brompton Hospital.