

**A MEETING OF THE MEMBERS' COUNCIL OF
THE SOUTH LONDON AND MAUDSLEY NHS FOUNDATION TRUST
WILL BE HELD ON TUESDAY, 15TH SEPTEMBER 2009 AT 3.30PM
IN THE COURT ROOM, GLAZIERS HALL, 9 MONTAGUE CLOSE, SE1 9DD**

AGENDA

- 1 Introductions and apologies for absence.
- 2 To receive any declarations of interest.
- 3 To agree the minutes of the Members' Council Meeting held on 18th June 2009 and note any matters arising from the minutes. Attachment A

FOR INFORMATION

- 4 To note the report from the Nominations Committee on: To be tabled
 - The appraisal of the Chair
 - The re-appointment of a Non Executive Director.
- 5 Update on the Members' Council bids programme. Attachment B
- 6 Chief Executive's and Directors' reports. Attachment C
- 7 Trust Board Secretary's report including: Attachment D
 - Membership development
 - Members website
 - Standards for Better Health meetings
 - Elections to the Members' Council
 - Joint meeting with the Board of Directors

FOR DISCUSSION

- 8 Annual accounts and management letter. Attachment E
Presentation by the external auditor (John Hayes).
- 9 Kings' Health Partners strategy development (Prof Robert Lechler). Prev circulated
- 10 Forward planner – items for future meetings:
 - AIQUIP
 - Anti stigma "Time for Change" programme
- 11 Any other business.

To be followed by the Annual Public Meeting of the Trust at 5.30 pm.

- 12 Date of next meeting
10th December 2009 at 5.00 pm , Maudsley Board room

Please send apologies to Laurence Whittle telephone 0203 288 2441 or email Laurence.whittle@slam.nhs.uk

MEMBERS' COUNCIL – SUMMARY REPORT

Date of meeting: 15th September 2009

Name of Report: Minutes of the meeting held on 18th June 2009

Author: Paul Mitchell

Presented by: Madeliene Long

Purpose of the report:

To agree the minutes and to note any matters arising.

**MINUTES OF THE MEETING OF THE MEMBERS' COUNCIL OF THE
SOUTH LONDON & MAUDSLEY NHS FOUNDATION TRUST
HELD ON THURSDAY 18TH JUNE 2009
IN THE BOARD ROOM, MAUDSLEY HOSPITAL**

Present:	Madeliene Long	Chair
Public Constituencies	Paula Crook Polly de Blank Les Elliot Jaya Kathrecha John Muldoon Roger Oliver Noel Urwin	Service User (Local) Service User (Local) Service User (Local) Carer Public (Local) Carer Public (Local)
Staff Constituency	Abbey Akinoshun Cliff Bean Dele Olajide Gill Todd	Staff Staff Staff Staff
Partner Organisations	Lorna Campbell Lynn Carlisle Sophie Corlett Magda Moorey Patricia Moberly Crada Onuegbu	Lambeth Borough Council Kings College London MIND Lewisham PCT Guys & St Thomas' Hospitals NHS FT Lewisham Borough Council
In Attendance	Martin Baggaley Stuart Bell Dan Charlton Patricia Connell-Julien Kumar Jacob Hilary McCallion Paul Mitchell Zoë Reed Gabrielle Richards Eric Taylor	Medical Director Chief Executive Head of Communications Non Executive Director Non Executive Director Director of Nursing & Education Trust Board Secretary Director, Strategy and Business Development Professional Head of Occupational Therapy Non Executive Director
Apologies	Robert Coomber Stephanie Correia Andrew Eyres Lindsey Frost Gus Heafield Francis Keaney Louise Norris Paul Paterson	Non Executive Director Public (Local) Lambeth PCT Croydon Borough Council Director of Finance Staff Director of Human Resources Service User (Local)

Ref	Issue	Who	When
MC 09/13	<p>DECLARATIONS OF INTEREST</p> <p>Madeliene Long, John Muldoon and Crada Onuegbu made declarations as Lewisham Borough Councillors. Sophie Corlett - Time to Change.</p>		
MC 09/14	<p>MINUTES OF PREVIOUS MEETING</p> <p>The minutes of the meeting held on 12th March 2008 were agreed as an accurate record subject to the following amendments:</p> <ul style="list-style-type: none"> • add to apologies - Crada Onuegbu • add to those present – Roger Oliver 		
MC 09/15	<p>APPOINTMENT OF A NON EXECUTIVE DIRECTOR</p> <p>Madeliene Long reported that the Nominations Committee had met prior to the meeting to interview candidates for the vacant Non Executive Director position on the Trust Board. The person specification had emphasised the requirement for financial acumen. She confirmed that there had been 18 applications of which 4 had been shortlisted.</p> <p>One candidate, Charles Bland, had been recommended for appointment. Charles's career combined over twenty years senior management roles in the Civil Service with more recent board level experience in the private sector. He is a long term resident of Lambeth. Charles would be available to take up his position in September.</p> <p>AGREED:</p> <p>The Members' Council accepted the recommendation from the Nominations Committee subject to due process to appoint Charles Bland to the vacant Non Executive Director position on the Trust Board.</p>		
MC 09/16	<p>RE-APPOINTMENT OF KUMAR JACOB AS A NON EXECUTIVE DIRECTOR</p> <p>Madeliene Long tabled a paper recommending the re-appointment of Kumar Jacob. She explained that Kumar Jacob comes to the end of his present term as a Non-Executive Director on the Foundation Trust Board on 22nd August 2009. He participated in the review of the whole Board skills conducted by KPMG in 2007, following the establishment of the Foundation Trust, and has been subject to appraisal by the Chair on annual basis. He has been an active Non Executive Director, and as such was particularly involved in the arrangements necessary when the Foundation Trust was formed, and has also been closely involved in the preparations for implementation of the new Act.</p> <p>He has recently taken on the role as the Chair of the Charitable Trustees and is currently undertaking a review of the structure of this body.</p> <p>The Chair's review of the performance has been concluded and endorsed</p>		

	<p>Kumar Jacobs continued ability to contribute to the Board in the light of the knowledge, skills and experience required.</p> <p>AGREED:</p> <p>The Members' Council accepted the Nominations Committee's recommendation to reappoint Kumar Jacob for a further three year term as a Non Executive Director.</p>		
MC 09/17	<p>APPOINTMENT OF EXTERNAL AUDITORS</p> <p>Noel Urwin reported that the Selection Panel for the appointment of the Trust's external auditors had met on the 14th May 2009 to interview the five short-listed candidate organisations. The Panel's unanimous recommendation was that the Audit Commission be reappointed as the External Auditors to SLaM for a further three years.</p> <p>It was further recommended that in order to optimise the potential benefits of these meetings, the MC themselves should establish a small 'audit liaison group' to meet with the Auditors beforehand, to exchange views on key points in the audit plan, and to consider how these might influence the presentation of the final accounts to the Trust membership.</p> <p>AGREED:</p> <p>The Members' Council agreed the re-appointment of the Audit Commission as the external auditors for the Trust for a further three years and the establishment of an audit liaison group.</p>		
MC 09/18	<p>ACADEMIC HEALTH SCIENCES CENTRE (KINGS HEALTH PARTNERS)</p> <p>Stuart Bell updated on the development of the AHSC infrastructure. Each of the four partner organisations had agreed to allocate £250K so as to set up an initial AHSC budget. Robert Lechler had been appointed as Director and would now lead on the development of an Executive Team. Work was underway on the development of Clinical Academic Groups (CAGs).</p> <p>Martin Baggaley led a discussion on the benefits to patients from the establishment of the AHSC. He emphasised the importance of translational research which could help reduce the delay between advances in research translating into service developments. He gave the example of family therapy for patients with schizophrenia.</p> <p>Magda Moorey emphasised the importance of engagement with the Las. There was also an opportunity for third sector involvement.</p> <p>Dele Olajide suggested that the focus should be on the development of excellent clinical services.</p> <p>Paula Crook commented that there were significant benefits regarding the physical health care of MH patients and also the development of psychological treatments in primary care.</p> <p>Les Elliot emphasised the need to retain services at local level for current</p>		

	<p>users.</p> <p>Noel Urwin highlighted the scope for involving GPs in CAGs.</p> <p>Hilary McCallion concluded by highlighting the practical benefits for patients such as the recently established provision of anger management within dialysis services. KHP also provided a major opportunity for the academic development of nurses.</p>		
MC 09/19	<p>BIDS PROGRAMME 2009</p> <p>Paula Crook updated the Members' council on the 2009 bids programme. She suggested that the timing and location of the drop in sessions should be reviewed for future years as the numbers attending were very small.</p> <p>So far 150 communications packs had been issued and 13 completed bids received. The Steering Group would be considering the process for the allocation of bids. She asked for six volunteers from the Members' Council to help on 25th August when all the bids would be assessed.</p>	PM	
MC 09/20	<p>ANNUAL PLAN UPDATE</p> <p>Zoe Reed tabled the extract from the Annual Plan which included the Trust's strategic objectives. This had been partly informed by the feedback from the Members' Council workshop on the annual plan held in March 2009. Further information will be gained from themes emanating from the 2009 Members' Council bids programme.</p>		
MC 09/21	<p>CHIEF EXECUTIVE REPORT</p> <p>Stuart Bell highlighted from his report that the East of England SHA was leading a process whereby Foundation Trusts were invited to bid to acquire the Bedford and Luton NHS Trust, as its Board has concluded that it cannot, by itself, achieve Foundation status in sufficient time. Stuart Bell confirmed that he had expressed interest in working in partnership with the Cambridge and Peterborough NHS FT which was a more local FT but also part of an AHSC.</p>		
MC 09/22	<p>TRUST SECRETARY REPORT</p> <p>FT Constitution - Paul Mitchell reported that new starters to the Trust were now being automatically opted in to membership of the Foundation Trust unless they specifically request to opt out. This would necessitate an amendment to the Trust Constitution to remove para 7.1.2 which states as eligibility to join the staff constituency that "he has been continuously employed by the Trust under a contract of employment for at least twelve months."</p> <p>AGREED:</p> <p>The recommendation that a request be made to Monitor to remove this paragraph from the Trust's Constitution was approved by the Members' Council.</p>		

Members website - It was noted that a project team has been established to oversee the relaunch of the members section of the Trust's website. The design and content have been agreed and are now with the developers prior to testing and relaunching at the start of August.

Standards for Better Health - Cliff Bean confirmed that the declaration to the Care Quality Commission will need to be made in November 2009. It was important that the Members' Council has an opportunity to have discussions with Trust leads across a range of services over the coming months so as to make an informed commentary on the Trust declaration.

AGREED:

It was agreed that a series of meetings be arranged with Trust leads. A panel from the Members' Council will be established to attend these meetings.

Elections - Paul Mitchell confirmed that there are currently 9 vacancies on the Members' Council. In addition, a number on the Members' Council will be coming to the end of their terms in October and will be eligible to stand for re-election.

AGREED:

It was agreed to hold the by elections at the same time as when the re-elections are scheduled. This will enable there to be sufficient time to raise awareness of the election process and for data cleansing of the membership database. The timescale will be data cleansing and awareness raising (July and August); election period (September and October).

Joint meeting with the Board of Directors - Paul Mitchell reported that a couple of successful joint meetings were held between the Members' Council and Board of Directors in 2008. It was recommended that a similar event be held in 2009.

AGREED:

The Members' Council agreed that a joint meeting becomes an annual event and one should be arranged for sometime in October 2009 to review progress on the development of the SLAM FT Members' Council.

Guide for NHS Foundation Trust Governors - Paul Mitchell referred to the document produced by Monitor which was intended to provide governors with clarity in regard to statutory duties; suggestions as to effective processes that could be followed in order to deliver these duties and insight into how other NHS FTs approach the same challenges. The consultation closes on Monday, 13th July 2009.

AGREED:

It was agreed that comments from individuals be forwarded to the Trust Secretary by 30th June 2009 in order for a Trust response to be sent in the Chair's name by the required deadline.

MC 09/23	NEXT MEETING Tuesday, 15 th September 2009 at 3.30 pm. Different styles of meetings will be considered for future meetings.		
---------------------	---	--	--

PNJM / CMS June 2009

Z: members council / meeting 2009 09 15 / att a minutes 2009 06 18

MEMBERS' COUNCIL – SUMMARY REPORT

Date of meeting: 15th September 2009

Name of Report: Members' Council bids programme update

Author: Paul Mitchell

Presented by: Noel Urwin supported by Magda Moorey and Gill Todd

Purpose of the report:

- To update the Members' Council on progress with the bids programme 2009.
- To agree to hold an event in 2010

MEMBERS' COUNCIL BIDS PROGRAMME 2009 UPDATE

1. Bids received

The Steering Group agreed to extend the deadline for the submission of bids to 14th August. The total number of bids finally received was 75. It is considered that there was a broader range of bids than for the previous year. For a more detailed analysis of the bids received see Appendix A.

2. Assessment of bids

Three panels were established and all met on 25th August to consider the bids (see Appendix B). A previously agreed scoring system was utilised by all three panels and 45 bids were approved for funding, 26 were not approved and 4 were referred for further consideration. A further spot check was made on a dozen of the bids by other panels to ensure there had been a consistency of approach.

3. Evaluation Plan

The Steering Group will be giving further consideration to ways of ensuring satisfactory evaluation of the successful bids.

4. Timetable

The timescale for the remainder of the process is:

Notification – end September 2009

Allocation – end November 2009

Evaluation – end February 2010

5. Event 2010

The Steering Group recommend that an event is held early in 2010 so as to acknowledge the successful bidders and provide feedback to the unsuccessful.

Noel Urwin
Members' Council

Appendix 1 - Analysis of successful bids

1. Themes

	Approved
Group activity for isolated individuals (both service users and carers) linked to current community based activities.	2
Holidays, trips, visits. This was a strong theme from service users. Carers requests were for shorter breaks more related to respite care.	12
Physical activity (yoga, relaxation therapy, visits to spas, gardening).	15
Creative (art and music).	3
Purchase of equipment (predominantly linked to exercise or IT).	8
Service Users as trainers.	5
Establish business.	
TOTAL	45

2. Constituency

	Approved
Staff	18
Public	8
Service user / Carer	15
Application being made.	4
TOTAL	45

3. Category

	Approved
Improving the patient experience	8
Promoting mental wellbeing	17
Promoting social inclusion	9
Multiple	11
TOTAL	45

Appendix 2 – Composition of assessment panels

Panel1

Magda Moorey (leader)
Sophie Corlett
Crada Onuegbu
David Blazey (support)

Panel 2

Gabrielle Richards (leader)
Noel Urwin
Carol Stevenson (support)

Panel 3

Gill Todd (leader)
Les Elliott
Roger Oliver
Paul Mitchell (support)

MEMBERS' COUNCIL – SUMMARY REPORT

Date of meeting: 15th September 2009
Name of Report: Chief Executive's report
Author: Paul Mitchell
Presented by: Stuart Bell

Purpose of the report:

To update the Members' Council on:

- Trust issues
- Service Quality
- Academic Health Sciences Centre
- National issues

Chief Executive's Report

September 2009

1. Trust issues

NIHR capital award, 2009/10

I am delighted to confirm that the bid for funding the expansion of the existing facilities housing the SLaM BRC Case Register Interactive Search (CRIS) for £997,500 has been successful. The demand for NIHR Capital Investment 2009/10 was overwhelming. 172 applications bidding for a total of £188 millions were received, against a budget of £50 million. Following a short-listing process, 41 applications were recommended for funding. Congratulations to everyone who was involved in submitting the bid.

Pressure on admissions

There has been particular consideration of the pressures on admissions faced by the Trust (in line with others across London) over the last few months. This is particularly manifesting itself in demand for female beds – adult and PICU - whereas in the past the pressure has usually been for male beds. Considerable additional expenditure has been incurred recently in securing extra capacity. It has been agreed that rather than seeking additional capacity on an ad hoc basis, temporarily we should secure additional female bed capacity to stabilise the situation while the root causes are examined and tackled. Much work is going on to improve discharge arrangements in individual boroughs. Centralised arrangements for the management of PICU across the Trust will be introduced, and Dr Martin Baggaley convened a clinical conference in August to look at further ways of coordinating arrangements for emergency admissions across the Trust.

The arrangements for bringing together the management of PICUs across the Trust have been agreed in principle, and will be implemented over the next few weeks. The conference led by Dr Martin Baggaley in August produced a consensus on the need for a Trustwide approach to change in the arrangements for emergency admissions. These need to be worked through in more detail, but the essence is the single management of emergency admissions facilities across the Trust following triage/CDU principles. The numbers, locations and operational policies of wards involved remain to be determined, and the group which met in August will continue this work; the aim should be to have a clear plan which can be implemented by the end of this financial year. Particular attention will need to be given to maintaining choice in relation to gender segregation.

2. Service Quality

Visit from NHS London and DH concerning privacy and dignity

The Trust invited NHS London and the Department of Health to visit in order to give advice and feedback on improving privacy and dignity and delivering same sex accommodation. The visit took place on 26th August at Bethlem Royal Hospital, and

the Trust has been given feedback as well as specific advice relating to particular areas. The following is an extract from the response giving the generic feedback:

'Findings and recommendations

It was clear that the Trust had made significant progress to achieving compliance on same sex accommodation and had embedded it in the Privacy and Dignity agenda. An audit of compliance has been undertaken on every site with a consistent set of standards. The results of the audit have been presented to the Board with an action plan to address all areas of improvement that will achieve compliance by March 2010.

There was evidence of consistency of message from "board to ward" through clear reporting and monitoring arrangements to executive team and board. The staff that we met on the wards were aware of the requirements of the same sex accommodation guidance and had a commitment to achieving compliance as part of valuing patients' privacy and dignity. The team felt that there was openness and a genuine willingness to improve demonstrated by staff at all levels. The Productive Ward "tools" were used to ensure compliance and enhance the environment for patients.'

3. King's Health Partners

SLaM / IoP is developing eight Clinical academic Groups involving mental health services, teaching and research:

- Addictions
- Child and Adolescent Mental Health
- Clinical Neuroscience
- Developmental and Behavioural Medicine
- Mental Health of Older Adults and Dementia
- Mood, Anxiety and Personality Disorder
- Psychosis
- Psychological Medicine

Since the last meeting, Prof John Moxham, currently Medical Director at Kings College Hospital NHS FT, has been appointed as Director of Clinical Strategy, while Prof Frank Walsh, currently interim Director of Research for KHP and Professor of Neuroscience at Kings College London, has been appointed as Director of Research Strategy, and Professor Anne Greenough, Director of Education Strategy.

4. National Issues

Preparing for Swine Flu.

On 11th June the World Health Organisation raised its alert to level 6, recognising that A(H1N1) swine flu has spread to pandemic levels globally. The vast majority of cases of swine flu in the UK have been mild with a small number of more severe cases and deaths.

All NHS organizations have been asked to identify a full time lead director plus full time support as part of the Department of Health's programme for managing the swine flu pandemic. Martin Baggaley, Medical Director and Louise Norris, Director of HR will share the director level responsibility with Scott Yeomanson providing support.

New Horizons – towards a shared vision for mental health

This consultation aims to build on the work of the National Service Framework by setting out how all stakeholders can help to achieve better mental health and wellbeing for all and ensure people receive high quality, personalised services. The deadline for responses is 15th October 2009.

Quality challenge: new role for leaders

David Nicholson has written to leaders across the NHS asking them to contribute to discussions on delivering the commitments in the Next Stage Review and local visions to put quality at the heart of the NHS in a challenging economic environment. He has asked NHS boards for their views on the role of quality, productivity, innovation and prevention in responding to the challenge.

Stuart Bell
Chief Executive
September 2009

Z / Members Council / meeting 2009 06 18 / Att C Chief Exec report sep 09

MEMBERS' COUNCIL – SUMMARY REPORT

Date of meeting: 15th September 2009
Name of Report: Trust Secretary's report
Author: Paul Mitchell
Presented by: Paul Mitchell

Purpose of the report:

To update the Members' Council on the following issues:

- Membership development.
- Communication with the membership.
- Standards for Better Health meetings prior to submission of the Trust declaration.
- Elections to the Members' Council.
- Joint meeting with the Board of directors in November 2009
- Monitor consultation – de-authorisation of a Foundation Trust

Trust Secretary's report

1. Membership development

The current membership of the Foundation Trust is 8,835 as at 4th September 2009. This is lower than the figure publicised in the recent member' newsletter, this is due to a major data cleansing exercise that the Trust has undertaken in preparation for the forthcoming elections (see para 4 below). The Trust remains on schedule to meet the target as set in the Annual Plan of 10,000 members by March 2009.

2. Communication with the members

A revamped members' newsletter was published on 23rd August 2009.

The launch of the new members section of the Trust's website also took place on 23rd August 2009. This will help serve as an aid for recruiting new members as well as providing up to date information on Trust activity and scope for participating in on line forums. The site can be viewed at <http://www.members.slam.nhs.uk>

3. Standards for Better Health meetings.

As previously reported, the declaration to the Care Quality Commission will need to be made in November 2009. It is important that the Members' Council has an opportunity to have discussions with Trust leads across a range of services over the coming months so as to make an informed commentary on the Trust declaration. A meeting is being arranged in late September for this purpose and volunteers from the Members' Council will be welcomed.

4. Elections to the Members' Council

Elections are taking place to fill either vacancies on the Members' Council or for people whose three year terms come to an end at the end of October 2009.

Public (Local)	1
Public (National)	3
Service User (Local)	5
Service User (National)	2
Carers of SLaM service users	3
Staff	3
TOTAL	17

The standard election timescale covers 40 working days. The timetable is as follows:

Notice of Election published	28 th August
Final date for delivery of nomination papers	16 th September
Publication of statements of persons nominated	5 th October
Issue of postal ballot papers	12 th October
Day of election / final day for postal ballots	26 th October
Counting of votes	27 th October
Notification of result to the Trust	28 th October
Announcement of result	29 th October

5. Joint meeting with the Board of Directors

A couple of successful joint meetings were held between the Members' Council and Board of Directors in 2008. These helped to clarify the respective roles and responsibilities and led to the development of the Members' Council workplan. It was agreed at the previous meeting that a joint meeting becomes an annual event. This will be held in November 2009.

6. Monitor consultation – de-authorisation of a Foundation Trust

A response from the Chair and Chief Executive has been submitted to Monitor on the consultation about potential de-authorisation of Foundation Trusts. The Trust has supported the Foundation Trust Network (FTN) view that in principle Foundation Trusts do not have an objection to Monitor having powers to de-authorise Foundation Trusts. Indeed, the FTN originally proposed that in the failure regime there would need to be a de-authorisation stage before any failed Foundation Trust was handed back to the Secretary of State.

As the document recognises, the vast majority are already proving their worth both in terms of quality and financial robustness and they positively want Foundation Trust status to stand for quality in the public's understanding. Hence they recognise that a de-authorisation process could contribute to protecting the brand. In order to do so, however, they believe it will have to undertaken only on the basis of demonstrable evidence and fair process. The Trust supports the FTN concern that the current proposals leave scope for a process that has not been properly thought through, which could end up not complying with the demands of natural justice and might, therefore runs the risk of producing a regime that undermines and harms, rather than supports the model.

Paul Mitchell
Trust Secretary
September 2009

Z: members council / meetings / meeting 2009 09 15 / app e trust secretary's report

Management Letter

South London and Maudsley

NHS Foundation Trust

Audit 2008/09

September 2009



The Audit Commission's

Trust Practice

 **audit.**
commission

Contents

Key messages	3
Financial statements	4
Securing economy, efficiency and effectiveness	6
Closing remarks	7

Status of our reports

The Engagement Letter, issued by the Audit Commission, explains the respective responsibilities of auditors and of the audited body. Reports prepared by engagement leads are addressed to governors, members, non executive directors, directors or officers and are prepared for the sole use of the audited body. Auditors accept no responsibility to:

- any member, governor, non executive director, director or officer in their individual capacity; or
 - any third party.
-

Key messages

This report summarises the findings from our 2008/09 audit. It includes messages arising from the audit of your financial statements and the results of the work I have undertaken to assess your arrangements to secure value for money in your use of resources.

Audit Opinion

- 1 The financial statements for the year ending 31 March 2009 were produced by the required deadline and I issued an unqualified audit opinion on 5 June 2009 in line with the deadline set by Monitor. I was also able to satisfy myself that the Trust had made proper arrangements for securing economy, efficiency and effectiveness in its use of resources.

Financial Statements

- 2 The financial statements were prepared and submitted to us in line with the agreed timetable. The financial statements were prepared to a good standard and supported by appropriate working papers.

Value for money

- 3 Our review did not identify any matters that would lead us to believe that the Trust does not have adequate arrangements in place for securing economy, efficiency and effectiveness.

Table 1 **Audit fees**

	Actual	Proposed	Variance
Financial statements and statement on internal control	£64,000	£64,000	nil
Non audit work	£6,000	£6,000	nil
Total	£70,000	£70,000	nil

Independence

- 4 I can confirm that the audit has been carried out in accordance with the Audit Commission's policies on integrity, objectivity and independence.

Financial statements

The Trust's financial statements are an important means by which the Trust accounts for its stewardship of public funds.

Significant issues arising from the audit

5 There were no significant issues arising from the audit.

Material weaknesses in internal control

6 I did not identify any material weaknesses in your internal control arrangements.

Accounting Practice and financial reporting

7 I considered the qualitative aspects of your financial reporting. The Trust decided not to include three notes in the financial statements that are required under Monitor's Financial Regulations Manual although they are not required under UK Generally Accepted Accounting Practice. The Trust is to revisit all of the notes to the financial statements in 2009/10 as a result of the implementation of the International Reporting Standards.

2008/09 outturn

8 The Trust's financial statements showed a deficit of £6.7m for the financial year against a budgeted surplus of £100,000. This was primarily due to a fall in the value of assets that was charged to the income and expenditure account. The Trust achieved its target of £18.4m for earnings before interest, taxes, depreciation and amortisation (EBITDA), which is a key performance measure for Monitor. This enabled the Trust to maintain its financial risk rating of 4 (no regulatory concerns) from Monitor at 31 March 2009

2009/10 financial outlook

- 9 The Trust prepared its annual plan for 2009/10 and has set a budget showing a £4.8m deficit for the financial year. This includes impairment expenditure of £8m, as the Trust expects there to be a fall in the value of assets it holds that needs to be charged to the income and expenditure account. Key issues in agreeing the annual plan were the decrease in research and development income and a number of cost pressures. A challenging cost improvement programme of £14m was included.
- 10 As a result of the annual plan agreed for 2009/10, the Trust is predicting the financial risk rating may fall to a risk rating of 3 (regulatory concerns in one or more components). The Board of Directors are satisfied that a risk rating of 3 is acceptable for the Trust at the current time.

Financial statements

- 11 For the first three months of the year, the Trust has achieved a surplus of £2.8m which is approximately £1m above budget and has led to a revised forecast of a £4.2m deficit for the year.
- 12 While the Trust is currently ahead of its budgeted projections, there are cost pressures that have resulted in overspends within individual directorates including Southwark, Lambeth and Specialist Services. There has also been a slight slippage on the cost improvement plan. Action is being taken to address the overspends and slippage but the Trust needs to continue to monitor the financial position closely and take additional action if required.

Economic downturn

- 13 The economic downturn and banking crisis is having a significant impact on public finances and the bodies that manage them. The impact on treasury management strategies has been immediate, but there are wider and more fundamental impacts on the ability of public sector bodies to fund service delivery and capital programmes, including pressures on future income streams. There are further challenges for policy priorities where patterns of demand for services are changing.
- 14 Monitor have written to all trusts asking them to submit a 'downside scenario plan' for the years 2010/11 and 2011/12 by the end of September 2009. The Trust has already started to consider the impact of the current economic climate both in terms of direct cost pressures and potential future reductions in income, but also in relation to risk management and the Board Assurance Framework. The Trust needs to keep this under close scrutiny and take early action to mitigate any risks which might increase or emerge.

International Financial Reporting Standards (IFRS)

- 15 In line with Monitor's requirements, the Trust will need to prepare its financial statements under IFRS for 2009/10 onwards. This includes preparing restated comparative figures in respect of the figures included in the 2008/09 financial statements.
- 16 In order to prepare for this change, the Trust prepared a restated balance sheet under IFRS as at 1 April 2008 in line with Monitor's guidance. The Trust is currently preparing its 2008/09 financial statements restated under IFRS. These need to be submitted to Monitor by 4 September 2009 with an 'audited' version by 30 October 2009. The 2009/10 financial statements will need to be prepared under IFRS and the Trust will need to ensure that any new information required will be incorporated into the closedown timetable.

Securing economy, efficiency and effectiveness

I assessed your arrangements for securing economy, efficiency and effectiveness (the 3 E's) in your use of resources.

Use of resources

17 I have drawn upon:

- my audit work on the Statement on Internal Control as part of the audit of the financial statements; and
- the results of the work of regulatory bodies such as the Care Quality Commission.

18 I have completed my work in these areas and have been able to satisfy myself that the Trust has made proper arrangements in securing the 3 E's in its use of resources.

Work mandated by the Care Quality Commission

19 There was no work mandated by the Care Quality Commission during the year.

Additional services

20 We completed a review of the Trust's arrangements for Implementing International Financial Reporting Standards. We found that the Trust had made good progress and that overall the arrangements were sound. The one area that should be strengthened is for the revised accounting policies to be formally prepared and approved.

King's Health Partners

21 The Trust, alongside its partners King's College Hospital NHS Foundation Trust, Guy's and St Thomas' NHS Foundation Trust and King's College London, was accredited by the Department of Health as an Academic Health Sciences Centre in March 2009. The partnership, which will operate under the name King's Health Partners, is a strategic alliance rather than a merger and opens up exciting opportunities to take forward health care, research and development and education and training. The Trust will need to ensure that its governance arrangements in this area remain sound and operate effectively.

Closing remarks

- 22** I have discussed and agreed this letter with the Chief Executive and the Director of Finance. I will present this letter to the Members' Council on 15 September 2009 and to the Audit Committee in September 2009.
- 23** Further detailed findings, conclusions and recommendations in the areas covered by our audit are included in the reports issued to the Trust during the year.

Table 2 **Reports issued**

Report	Date issued
Audit plan	March 2008
Supplementary opinion audit plan	February 2009
Annual governance report	June 2009
Opinion memorandum	August 2009

- 24** The Trust has taken a positive and constructive approach to our audit. I wish to thank the Trust staff for their support and co-operation during the audit.

Jon Hayes
Engagement Lead
September 2009

The Audit Commission

The Audit Commission is an independent watchdog, driving economy, efficiency and effectiveness in local public services to deliver better outcomes for everyone.

Our work across local government, health, housing, community safety and fire and rescue services means that we have a unique perspective. We promote value for money for taxpayers, auditing the £200 billion spent by 11,000 local public bodies.

As a force for improvement, we work in partnership to assess local public services and make practical recommendations for promoting a better quality of life for local people.

Copies of this report

If you require further copies of this report, or a copy in large print, in Braille, on tape, or in a language other than English, please call 0844 798 7070.

© Audit Commission 2009

For further information on the work of the Commission please contact:

Audit Commission, 1st Floor, Millbank Tower, Millbank, London SW1P 4HQ

Tel: 0844 798 1212 Fax: 0844 798 2945 Textphone (minicom): 0844 798 2946

www.audit-commission.gov.uk

MEMBERS' COUNCIL – SUMMARY REPORT

Date of meeting: 15th September 2009

Name of Report: 2008/09 Annual Letter to the Board

Author: John Hayes, Audit Commission

Presented by: John Hayes, Audit Commission

Purpose of the report:

The Annual Audit Letter summarises the conclusions from the work of the Audit Commission 2008/09 and to highlight any significant issues arising during the course of that work.