

**SEPT**  
**MINUTES OF THE EXTRAORDINARY BOARD OF DIRECTORS MEETING**  
**PART 1**  
**held on Wednesday 23 September 2015**  
**at The Lodge, Runwell Chase, Wickford SS11 7XX**

**Members present:**

Lorraine Cabel (Chair)	Chair
Sally Morris (CEO)	Chief Executive
Randolph Charles (RC)	Non-Executive Director
Steve Cotter (SCt)	Non-Executive Director
Dr Milind Karale (MK)	Executive Medical Director
Mark Madden (CFO)	Executive Chief Finance Director
Malcolm McCann (MMc)	Executive Director Community Health & Learning Disabilities
Mary-Ann Munford (MAM)	Non-Executive Director
Richard Winter (RW)	Executive Director Integrated Services (Beds)
Janet Wood (JW)	Non-Executive Director

**In attendance:**

Brian Arney (BA)	Public Governor
Max Forrest (MF)	Associate Director Communications, SEPT
John Jones (JJ)	Public Governor
Cathy Lilley (CL)	Business Administration Manager – Chair’s Office (Minute Taker)
Sue Revell (SR)	Public Governor
Lyn Staines	Support Worker, SEPT
Robin Thornton	Business Analyst, SEPT

The Chair welcomed members of the public, staff and Governors to the meeting and reminded attendees of the Trust’s vision: *providing services in tune with you.*

**172/15 APOLOGIES FOR ABSENCE**

Apologies for absence were received from:

Andy Brogan (AB)	Executive Nurse & Executive Director Mental Health
Steve Currell (SCI)	Non-Executive Director
Alison Davis (AD)	Non-Executive Director
Nigel Leonard (NL)	Executive Director Corporate Governance

**173/15 DECLARATIONS OF INTEREST**

None.

**174/15 ORGANISATIONAL RESPONSE TO THE ESSEX STRATEGIC REVIEW**

The report detailing the Trust’s response to the Essex Strategic Review was tabled. Redacted copies of the report were also made available to members of the public in

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attendance; the redactions related to information of a commercially sensitive or confidential nature.

The CEO presented the paper that detailed the Strategic Options Case (SOC) to explore a merger between South Essex Partnership University NHS Foundation Trust (SEPT) and North Essex Partnership University NHS Foundation Trust (NEP).

The CEO reminded the Board of the closer working relationship which had been developed during the past year which had included joint bids for tenders. The SOC which identified seven options was presented to both Boards in July 2015. Following review and discussion covering the range of benefits as well as the clinical, HR, financial, legal and regulatory implications, the Boards concluded that option 4 *Full merger to create a new Foundation Trust to provide specialist mental health and community services* should be pursued as the preferred option. The Boards also took into account the changes to the local health economy including the Essex Success Regime and the Essex Mental Health Review. It is anticipated that a merger would increase the resilience of mental health and community services in Essex.

The CEO outlined the four key stages in the merger process: Strategic Options Case, Outline Business Case (OBC), Full Business Case (FBC) and Formal Application. She advised that following consideration and approval by both Boards, the SOC would be submitted to Monitor who would challenge the robustness of the strategy, identify any potential competition issues and determine the level of risk assessment review that may be required. In addition, this would provide an opportunity to advise on the Trusts' approach to assessing customer benefits for the next stage of the process.

The CEO highlighted that the timetable included in the SOC was indicative and ambitious, and would be subject to revision. She stressed, however, that both Trusts were at the initial stage of exploring the possibility of a merger and that at any time during the process either Trust could withdraw. If the merger were to proceed, this would be a significant transaction and the Board noted that the significant transaction approval process, as agreed by both the Trust's Board and Council of Governors, would be implemented. The CEO provided assurance that a communications plan would be implemented which would include regular briefings to the Council as well as updates for staff and other stakeholders.

JW noted that the OBC was due for submission in November and this would include a Long Term Financial Model (LTFM). Bearing in mind that the outcome of the CQC comprehensive inspection visit was awaited, she asked if the timetable was overly ambitious as it would be a challenge to provide an accurate financial model if there were any cost implications as a result of the CQC inspection findings. SM acknowledged that based on the experience of other Trusts following CQC inspection, there could be a significant financial impact; however, this would be addressed once known. She pointed out that the Trust's report from CQC was expected in October and also advised that NEP's inspection report was expected before the end of the calendar year. MM advised that the LTFM would be a base case in the OBC and confirmed that there would be the opportunity to revise the model.

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MK stressed the importance of ensuring there was a strong clinical case and clinical model in the OBC, and highlighted the time and resource required to develop this for both organisations.

RW asked if there was a need to consult with the local population. SM confirmed that as a merger would be on an 'as is' basis with no change to the clinical model, there was no requirement for formal consultation. However, if changes to services were proposed, then there would be a public consultation.

SCo asked what an 'inclusive' process meant. SM confirmed that deliberations would involve partners including staff, Governors, and Commissioners as it was essential to ensure engagement and buy-in from key stakeholders.

SCo enquired as to the potential challenges and issues with managing disenfranchised groups of people with the exploration of a merger between the two organisations. SM advised that guidance from Monitor includes the establishment of a 'shadow' Board prior to FBC and clarity on the impact of a merger on Board members, staff and Governors was being sought. She recognised that there could be potential tension, but stressed that the decision for merger would be based on patient benefit and this had been fully supported by all members of both Boards. In response to a comment by MAM, SM agreed with the importance of also safeguarding staff's future.

MMc asked at what stage in the process is the Competitions & Market Authority (CMA) involved as this is not clear in the timetable. SM advised that there are potentially two phases for CMA approval. In the phase 1 review CMA will be looking for assurance that the prospect of the merger will not lessen competition substantially. Approval could be given at this stage which could take up to 40 days. If CMA does not receive assurance that there will not be any significant lessening of competition, phase 2 will be implemented which could extend the process by a further six to twelve months. LC stressed the importance, therefore, of identifying the relevant customer benefits and the clinical case for merger.

JW asked when the outcomes of the Essex Mental Health Review would be published. SM advised that an initial draft report had been shared with participants in the review for comment, and expected the final report to be published in October.

**The Board discussed in detail and approved:**

- 1 The exploration of a potential merger with NEP and the submission of a SOC to Monitor**
- 2 The indicative timetable**
- 3 The project management structure for the development of key documents for presentation to the Board, Monitor and Council of Governors.**

<b>175/15</b>	<b>ANY OTHER BUSINESS</b>
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None.

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**176/15 MEMBERS OF THE PUBLIC/STAFF/GOVERNORS QUESTIONS**

Questions from member of the Public, Staff and Governors are detailed in Appendix 1.

**177/15 DATE AND TIME OF NEXT MEETING**

The next meeting will take place on place on Wednesday 30 September 2015 at 10:30 at The Lodge, Runwell Chase, Wickford SS11 7XX.

The meeting closed at 10:30.

**Appendix 1**

**Governors/Public Query Tracker (Item 176/15)**

Governor /Member of Public	Query	Assurance provided by the Trust	Actions
JJ	Asked if the 'strengths and weaknesses' analysis would be shared with the Council of Governors (currently redacted) as this information be material to the significant transactions discussions and approval	SM advised that this was commercially sensitive information but she offered to verbally brief the Council at her CEO briefing session. JW also provided assurance that the results of the due diligence to be carried out by both organisations on each other covering clinical, financial and legal would be available at the decision making part of the process	SM to brief CoG

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