

Confidence and trust are some of the greatest assets of any organization but particularly for a charity and a "not for profit" organization. A great reputation hard fought over the years can be damaged over the space of a few short months as we at the CRC know only too well. In a few short months in 2013, the reputation and good name of the CRC, hard fought and won over the previous 62 years, quickly became, in the mind of the general public, synonymous with controversy over high executive pay, top-ups to pensions etc. As you know, these events led to the resignation of the previous board and CEO and the appointment of an Interim Administrator in December 2013. A new board of governors of the Central Remedial Clinic has been in place since April 2013.

The new board of the CRC received Mr Cregan's report on Thursday 19 June and considered the report at its meeting of the following day. Since then the new board have taken a number of actions to begin to re-establish the good name and reputation of the Central Remedial Clinic

- **Governance**

- As mentioned the new board of governors of the Central Remedial Clinic has been in place since April 2013. The new board is competency-based. Each individual member has been identified and selected on the basis of that individual member's skills, expertise and experience drawn from relevant disciplines and different industry sectors. We are committed to continually examining the evolving needs of the board versus its current skill set and will consider appointing new members as required. Board members will not receive any remunerations, other than, out of pocket, documented and approved business related expenses

The board has set up the following sub committees and working groups:

1. A remuneration committee;
 2. An audit committee;
 3. A working group on fundraising governance, structures and best practices;
 4. A working group on governance;
 5. Additional working groups (for example risk) will be set up in the near future.
- A new set of Articles of Association was produced by the governance working group and has been adopted at the EGM today.
 - We are also examining ways of letting our clients and staff get more involved in providing input to the board
 - Following an open and transparent recruitment process, using the Public Appointments Service, Ms Manahan has been appointed Chief

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Executive, with effect from 1 June. Ms Manahan has extensive experience in the health sector both in the UK and Ireland and was most recently Deputy Hospital Manager at Connolly Hospital. Ms Manahan has been employed on a salary €86,761 which is the second point in the scale approved by the HSE. Other than normal documented and receipted travel expenses, there are no additional allowances.

- **Fund Raising, Friends and Supporters of the CRC and the Care Trust**

- In relation to Friends and Supporters (F&S) and the Care Trust, we have agreed the following with Friends and Supporters of the CRC :

1. In terms of revenues from the Care Trust

- All revenues going forward, accruing to F&S from the Care Trust Limited, to be paid directly to the CRC, effective September 2014.
 - *The first lodgement has already occurred.*
- F&S will agree a plan, with the board of the CRC, to transfer the remaining historical monies held by F&S to the CRC;
 - *We are looking at how this can be done without impacting on any long term investments, or incurring any penalties, due to changes in ownership of these funds*

This board is committed to full transparency and accountability so that our funding partners like the HSE **and** our donors can see how all monies are spent. To assist that, all such revenues from the Care Trust, and indeed all donations raised by the CRC themselves, will be put in a separate bank account and that those funds can only be accessed on foot of a business case, approved at board level.

2. In terms of the shareholding in the Care Trust

- Subject to a due diligence process satisfactory to the CRC, the CRC board will enter into discussions with F&S on the transfer of the F&S 50% Shareholding in The Care Trust Limited to the CRC;
- In the meantime, F&S will nominate at least one member of the CRC, identified by the CRC board, to the board of Care Trust Limited;

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During this process, as an interim step, we have implemented a process by which funds for capital projects can only be drawn down on foot of an agreed and approved, business case, signed off by *both* boards. An example of this is the recent funds provided to enhance the funds previously raised by the school for the recent renovation and enhancement of the children's playground in Clontarf.

- **CRC Medical Devices**

CRC Medical Devices is a subsidiary of F&S and not of the CRC and therefore not directly related to this AGM. However, the future of CRC Medical Devices has a potential impact on the CRC and therefore I will give you a brief update on its status. I understand that F&S have appointed a new set of directors to allow it to regularise legalities surrounding the company, pay off outstanding invoices and wind the company down in an orderly fashion. I further understand that the new directors have made a lot of progress and are currently on plan to complete the wind down before end of this year. I understand that the new directors are hopeful that the wind-down will be completed with minimal impact the existing finances of the CRC.

- **Executive and senior administrative pay arrangements**

I trust you will appreciate that there are several constraints to my going into this matter in any great detail at this time; however, I would like to make the following comments:

- **Former Chief Executive Officer**

I have written to the former Chief Executive Officer about the report's finding and I am awaiting his response.

- **On other executive and senior administrative pay arrangements**

- 1. Former Executives**

The Board is in the process of reviewing the implementation of FEMPI (Croke Park and/or Haddington Road) on the full salary of former executives and will be writing to any former executives for which there are any issues.

- 2. Current Executives**

The new board is determined that all salaries and appointments will be at levels consistent and agreed with the HSE. A small number of senior management historic pay levels are outside the approved HSE scales. Mr Cregan's report has recommended that these salaries be "red circled" until 2015 to

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allow some limited time for the new board and CEO to review management structures, job descriptions and executive pay arrangements. We feel this is appropriate as it gives us time to develop a new strategic plan for the CRC for 2015 and beyond. We already know that the current management structure has to change to reflect future strategy. As 2015 progresses a number of management positions come to the end of their current term and a further 2 retirements take place, a key focus for the New CEO will be the review of the senior management team and the key requirements for the future team..

- **Finances**

As you can see from the audited financial statements, 2013 has been a difficult year for the finances of the CRC. A loss of €741,025 represents a significant deficit for a charity, particularly one with a break even mandate. However, the 2013 numbers include a number of material items relating to legacy issues the most significant of which relates to the termination costs of the former CEO. My colleague Chris, who chairs the Audit Committee will go into more detail on these.

During 2014, there has been some progress on cost containment and we are hopeful that we will be able to report an operational break-even by the end of financial year 2015. This is planned to be done without impacting on the services we are committed to provide to our clients.

It is worth noting and repeating what the Interim Administrator reported:

- there are sound financial systems;
- CRC delivered on its service arrangements obligations;
- there are no apparent obstacles in place to the HSE and CRC entering into similar arrangements for the foreseeable future;

It is also worth noting that despite the upheavals of 2013, the number of clients and interventions in 2013 are broadly in line with those of 2012, a testament to the professional approach of our staff. At this point of 2014, we are projected to be broadly in line with our activity for 2013.

From our early beginnings in 1951 to today, the CRC has grown to be one of the largest organisations in Ireland dedicated to the wellbeing and health of people with physical disabilities. The legacy issues we are discussing today were not of the making of the staff. The commendable staff at the CRC continue to provide our clients with the services they need, and deserve, in the professional manner they have come to expect.

Therein ends my Report

Mr Kieran J Timmins
Chairman of the Board of Governors
Central Remedial Clinic

