Board of Directors Meeting

Report

Subject: **Board Committees (Governance/Assurance) – Transitional arrangements**

Date: **27th February 2014**

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EXECUTIVE SUMMARY

As the Trust begins to be in a position to take back control of the structure and focus it wishes to adopt in order to deliver the requirements of its Improvement Plan and future strategies, the Board agreed at its December meeting that the evaluation of the corporate governance and assurance systems, controls and processes that deliver assurances to the Board had appropriately identified the need for a new structure. As part of that process, Board approved the recommendation to make changes to the committee structures in order to address potential weaknesses.

The Director of Corporate Services/Company Secretary has reviewed the governance infrastructure, with a view to diverging and developing the work of the current Board committees which are proving to be too operational in nature whilst enhancing assurance frameworks and supporting delivery of the Trust's strategy, and augmenting an operational governance infrastructure to safeguard performance and risk management responsibilities. The Director of Corporate Services/Company Secretary clarified in her December Board report the imperative to make clear the role of the NEDs and EDs at Board committees most especially to ensure that both the existing equality of membership and the current operational focus ceased at the earliest opportunity such that the assurance shortcomings of that current model were not to continue at the expense of the NEDs critical distance, required in order to safeguard impartiality and objectivity.

Separating operational matters from those matters which assure the NEDs of the information they rely upon to make decisions at Board, and clarifying the role of NEDs as voting members of Board Committees with EDs 'in attendance', should very quickly enable the NEDs to more effectively hold the EDs to account for the performance of the Trust. The approved restructure will also enable the Chief Executive to ensure risk, performance and quality are monitored and managed enabling effective and expedient remedial actions to be taken to recover off plan performance through a new Trust Management Board (TMB) and a new TMB committee structure that focuses across the functional and operational spheres of influence of the Executives. TMB met for the first time in January with a new agenda and focus on variance and exception. The TMB Committees will have all had their inaugural meetings during February and March.

Although the governance committees have delivered a very useful contribution to the organisation, they have to a limited degree, because of the way they have developed over time, confused the roles and responsibilities of the Board regarding governance issues having the potential to dilute the impact of members on genuine governance matters.

This is because the committees have due to the type and content of agendas and papers, focused regularly on operational issues at a very detailed level in monitoring performance and compliance, or in resolving short term issues, areas which are legitimately the responsibility of the CE and the Executive team. Whilst not wishing to detail the full findings of the review, duplication is also an issue and to illustrate the point, some reports submitted to one committee are in exactly the same format, containing exactly the same detail and required action as the report presented to another

1

Committee. More significant is the apparent absence of either sub-committee meetings or reporting lines leaving potential gaps in governance which will be rectified through TMB's new committee and sub-committee structure.

Whilst not the purpose of this paper, the December Report also recommended to Board that it needed to be assured about the quality of information it considers, such that it is appropriate and it is robust and that Board is confident and competent in using information for the pursuit of quality improvement, the management of risk and the management of performance against objectives. This has been explored further through the recent Confirm and Challenge session on 13th February, and is also through the Quality Governance Framework process formally recognised as a strategic imperative for the Trust and will be the subject of future development work of the Board.

ACTIONS REQUIRED BY BOARD
Board members are invited to:
- ➢ Note the content of the report and individually determine how you each might ensure the effectiveness of the new Committee structure and the information provided to Board to enhance decision making, focus and a forward looking orientation coupled with a deeper understanding of prospective risks. Utilise that thinking to support improvements in the forward plans and agendas going forward
- ➢ Approve the governance and assurance transitional arrangements regarding NEDs attendance.
  - o CG&QC NED meeting in March. Attend TMB CQ&G Committee April. Attend **New (Board) Quality Committee** in May……
  - o F&PC NED meeting in March. Attend **New (Board) Finance Committee** in April. Attend TMB FPI&CDC in May…….
  - o Audit & Assurance bi-monthly schedule already in operation
  - o Risk & Assurance Committee – disbanded in March. NED members to agree rotational attendance across all TMB Committees to assess the effectiveness of risk management across the structure
  - o Chairman to attend March/April TMB and any Board or TMB committee at short notice/unannounced for assurance purposes
  - o CEO to attend any TMB Committee at short notice/unannounced to test effectiveness
- ➢ Approve NED core membership of Board Committees
  - o Finance
    - ▪ Gerry McSorley (Chair)
    - ▪ Mark Chivers (Deputy)
    - ▪ Claire Ward
  - o Quality
    - ▪ Peter Marks (Chair)
    - ▪ Claire Ward (Deputy)
    - ▪ Mark Chivers
  - o Audit & Assurance
    - ▪ Ray Dawson (Chair)
    - ▪ Gerry McSorley (Deputy)
    - ▪ Tim Reddish
    - ▪ Peter Marks
  - o Remuneration & Nomination
    - ▪ Sean Lyons (Chair)
    - ▪ Gerry McSorley (Deputy)
    - ▪ Peter Marks
  - o Charitable Funds

- Tim Reddish (Chair)
- Clair Ward (Deputy)
- Ray Dawson

Board are reminded they approved the Terms of Reference of the Board Committees at the December meeting and the Director of Corporate Services/Company Secretary will be meeting with each of the NED chairs in order to discuss the workings of each Board Committee and its forward plan over the coming weeks.

Relevant Strategic Objectives (please mark in bold)	
Achieve the best patient experience	**Achieve financial sustainability**
Improve patient safety and provide high quality care	Build successful relationships with external organisations and regulators
Attract, develop and motivate effective teams	

Links to the BAF and Corporate Risk Register	Board and its Committees are responsible for the systematic review of the trust's control environment
Details of additional risks	The independence of NEDs is critical to the success of the governance structure which includes maintaining the right balance of operational detail with assurance such that NEDs are able to critically evaluate the information they receive
Links to NHS Constitution	Not directly linked
Financial Implications/Impact	n/a
Legal Implications/Impact	n/a
Partnership working & Public Engagement Implications/Impact	n/a
Committees/groups where this item has been presented before	Executive Team Meetings has considered the accountability framework and the Committee structure over recent weeks The Board approved the recommendations regarding the new governance and assurance structure at its December meeting.

ASSURING THE WAY AHEAD

Governance and Assurance Transition

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CONTENTS

Objectives and Deliverables

Objectives and Deliverables
To outline and seek approval to transitional arrangements to provide for implementation of the proposed convergence and governance developments regarding the Board and TMB committee structures and to highlight any resulting impact upon the Board with particular emphasis on the impact on the Board's assurance and quality governance frameworks.

1   Introduction
In the December report Board were reminded that major corporate collapses particularly in the corporate sector and more recently evidenced in the banking and healthcare sector and the implications of serious control deficiencies that accompany most such failures, have a profound impact on the public perception of professions and industries. Studies commissioned by the courts into a number of corporate failures have cited a lack of independence in the company's reporting structure, which was not challenged by the Audit Committee, and that the tone at the top fostered an environment to allow serious control weakness to go undetected. This is not dissimilar to the findings of the Francis Inquiry and Board needs to learn from those findings in order to mitigate against the same things being 'True for us'.

Failure to deliver the fundamentals of care can bring down an NHS board faster than failures of either finance or target performance, and there have been many recent examples of this. The Director of Corporate Services/Company Secretary continues to rethink the Trust's governance processes with a heightened keenness to ensure that significant control and performance failures don't happen in the Trust, and to ensure that support for the improvement of the quality of care is a business imperative. The effectiveness of the Committee structures are fundamental to ensuring and assuring achievement of objectives and ambitions.

Part of this journey is the divergence from the current Board committee structure where both Non Executive Directors and Executive Directors attend through their Board member status as equal and full voting Members of the respective Board Committee and where the content of reporting naturally forces an overly operational focus.   There is also some evidence that issues remain on agendas for a considerable time leaving a perception they might be taking too long to resolve and as such, the focus of TMB is very strongly around performance, risk and quality management to ensure fast identification of issues and faster recovery.

The development of current governance committees is a natural part of the development of the Trust now that its full Board and Executive Team complement is in place and its Improvement Plan has been published. The revised governance arrangements as a result of the review include the tightening up, and centralisation of, the Trust's assurance mechanisms through the development of the Company Secretary's oversight function supporting in particular the work of the Audit and Assurance Committee and other Board Committees. Proposals will be made regarding any resource implications should they become apparent, in due course but the main objective of the Corporate Services/CoSec department will be to enhance both internal and as a consequence, public confidence in corporate reporting and in self assessments by ensuring assurance functions are of the highest standards and are made on the back of robust, defensible and where relevant, independent/impartial assurances.

Effective Boards depend on having the right information at the right time. It is critical that information is focussed on the right issues, pitched at the right level of detail and presented

clearly. These are obvious factors, but nevertheless are significant challenges. In line with the timing of the review of governance structures, it is appropriate for the Board to consider changes in the way the Executive Team report to Board to ensure less description and more analysis, as was proffered at our recent Board Development event and discussions regarding this have already commenced at the Board development session on the afternoon of 13th February and will continue in the coming weeks.

The new Committee structure, through the approved Terms of Reference along with clear forward plans picking up the Trust's annual cycle of business and assurance requirements will enhance the Board's effectiveness with regard to governance and assurance and will aim to foster a forward thinking approach to both risk and strategic/quality issues.

Fundamentally good governance leads to better patient care and enables the Board to demonstrate accountability to local people. Monitor's Code of Governance reinforces this and describes effective corporate governance as a fundamental cornerstone for success.

Governance in the context of the healthcare industry is the term used to describe a systematic approach to maintaining and improving the quality of patient care within a health system. This definition is intended to embody three key attributes: **recognisably high standards of care, transparent responsibility and accountability for those standards, and a constant dynamic of improvement**. The design of the agendas and the content of papers along with the focus of meetings need to support delivery against these attributes and all committee members have a responsibility to achieve this.

The concept also has some parallels with the more widely known corporate governance used throughout the private sector, in that it addresses those structures, systems and processes that assure the quality, accountability and proper management of an organisation's operation and delivery of service, and as already status the effectiveness of the Committee structures both Board and TMB are critical components of this.

The concept of "integrated governance" has emerged to refer jointly to the corporate governance and clinical governance duties of healthcare organisations and Board need to ensure that integrated governance in its widest sense is the focus such that no area is viewed in isolation of another. As such, the Board acknowledged the need to ensure risk management was the business of all the Board (and TMB) Committees and approved the disbanding of the Risk Assurance Committee following an appropriate transition. As such, NEDs need to ensure the Committees they attend are continually evaluated and assessed collectively to keep in check if further rationalisation of committees through integration of agendas begins to emerge as an opportunity as confidence in the operational structures grows. Until such confidence emerges, as agreed by Board, the new Quality and Finance Committees and the Audit and Assurance Committee will each meet bi-monthly and a proposal follows later to seal the confidence gap!

The Trust's governance arrangements need to facilitate amongst other things, the following principles of governance, and it is the role of the Board committees and TMB to support them:

- The Board needs to set the strategic direction and therefore know about and understand strategic issues impacting that direction.

- The Board needs to assure VFM through prudent use of public funds and therefore needs to continually understand plans and variances and progress against agreed benefit realisation programmes in support of approved strategies.
- The Board needs to understand how it is performing, what the performance trends are and what prospective achievements are to look like.
- The Board needs to understand the performance and intensions of its competitors and commissioners and anticipate the impact of that performance on the Trust currently and into the future.
- The Board needs to understand the needs, views and experiences of users/patients, staff, governors and members in order to develop services and improvements aligned to those needs.
- The Board needs to understand its compliant status across mandatory frameworks (statute, regulation and policy)
- The Board needs to understand the information it receives in order to make informed decisions and needs to be assured about the quality of the data on which it relies to understand the quality of care.

Regulatory compliance and reporting is recognised as a natural extension of the governance duties shouldered by the Board and senior management. Only good governance (alongside the right values and behaviours) can ensure that compliance is aligned with the Trust's objectives and risk management strategies – and governance thereby adds real value (and not just cost) to the organisation. Ultimately, the goal is to ensure that the spirit of compliance – as well as the letter of the law/regulation – is embraced within every corner of the hospital/community setting.

2. **Current situation:**
- The Terms of Reference, membership structure and operation of the current Board Committees do not provide for the NEDs to effectively hold to account the Executives for performance in their functional and operational capacities against strategic, risk, operational and quality objectives.
- We operate within a growing self-assessment culture, subject to external scrutiny (and regulation with 'sharp' teeth) making the need for robust and independent assurance a strategic imperative. The Board's Committees need to be able to reconcile through robust assurances the recommendations presented by Executives and offer to the Board degrees of confidence based on the outputs of Board Committee business. We need to ensure that the Committees are not substituting discussion or decision at Board – their role is to dig more deeply around issues for which the Board needs clarity and assurance as part of the unitary Board's decision making requirements.
- We don't know with reasonable certainty through systematic testing whether the Trust is in compliance with **all** regulatory, statutory, policy and quality requirements and the Board and its Committees need to establish assurance mechanisms regarding the effectiveness of actions and controls to manage this situation
- We don't know if our compliance costs are optimal (e.g. duplication)
- We don't know through independent assurance if all our critical policies, systems and control processes (including clinical audit) are effective and adhered to and the Board and its Committees need to ensure impartial testing of controls in order to be assured of the Trust's compliant status. The Audit and Assurance Committee will be introducing a more strategic and risk based view of the annual Internal Audit Plan through its revised forward plan and the new Quality Committee and the A&A

Committee will play an enhanced role regarding scrutiny of the clinical audit programme and its alignment with Trust priorities and the improvement agenda

- We don't have a universal view of what 'other' regulators or health bodies are saying about us when they review or inspect us (and rarely are sighted on when they are visiting or have already inspected). The Director of Corporate Services/Company Secretary is therefore undertaking a review of the External Recommendations Policy and designing an assurance process that enables the Board to triangulate information sources (internal and independent/impartial) through ensuring an appropriate self-assessment route coupled with outcome reporting of visits and tracking of action plans to committees and TMB. By introducing this, it will enable line of sight of all Board members via Committees and through integration within Board reports of rich information from independent sources about the quality of the services they have inspected (albeit from their own regulatory standpoints).

- We don't make intelligent use of the data we already collect nor use it for multiple uses and the Board and its Committees need to ensure there is sufficient focus on minimising duplication and distraction

- We do not have a granular nor integrated view of trends and themes through triangulation of near misses, incidents, claims and complaints nor intelligence that highlights concerns at all of service line, ward, department, procedure or clinician and the Board needs to drive work through its Committee structures in order to attain assurance against progress in this area is sufficiently expedient.

- We do not consistently plan for staff training or change in practice in light of new risk, compliance, safety, quality or performance issues and Board and its Committees need to drive evidence of learning from the things we do well and the things we get wrong to be assured we are able to avoid getting the same thing wrong more than once, and are assured this won't happen.

- We do not have tested systems to show we effectively performance manage to ensure **fast** recovery and Board will want to understand the effectiveness of the new TMB and TMB committee structure whose remit includes effective performance and risk management. The new Business Intelligence and IT Committee will also need to ensure a strong drive towards improvements in data collection, validation and analysis in order to support more informed decision making and more granular understanding of performance and quality risks

- We cannot easily evidence improvement as a result of systematic change through learning from mistakes which is linked to earlier points nor do we have a strong improvement culture, now more of an imperative given the growing difficulties driving down the costs of running the business. A Transformation Board is being initiated and an investment proposal will be presented to the Board of Directors shortly.

As an organisation engaged in activities that come under the control of a number of regulators and subject to significant legislation and sanction, we need to ensure that the Trust identifies, manages and controls any existing and future regulatory/compliance/quality and performance risks. **A proactive assurance approach rather than a monitoring approach to regulation is now a full time strategic necessity** and it is envisaged that the renewed focus of the Board committees will drive strongly a renewed assurance agenda.

It is also a strategic necessity that the Board has processes in place to ensure the Trust understands the risks of non-compliance or control failure, so the Board thereby accurately self certifies. Now that performance expectations are ever more reflected in contracts between the Trust and its commissioners with penalties where contracts are not delivered

(potentially increasing over time with such as PROMS and the duty of candour & reimbursing compensation costs), a failure on the part of the Board to understand actual and potential performance and quality issues, and take mitigating actions accordingly, may impact on patient care and be expensive and reputationally damaging.

3   **Transition plan**

The revised meeting schedule was approved by Board at its December meeting and the majority of meetings across the year have already been scheduled in Executive member diaries and should by now have been diarised by the Non Executive Directors with availability confirmed to the Corporate Secretariat.

As stated, TMB and its Committees have already approved draft Terms of Reference which following debate at each inaugural meeting, will be presented for final approval at the March TMB meeting. The Divisional Management Boards are also working on standardised Terms of Reference consistent with those of TMB, which will also be presented to the March TMB meeting. In the near future, the Director of Corporate Services/Company Secretary intends to observe Divisional Management Boards and their clinical governance structures in order to support development and their alignment with TMB through appropriate reporting and escalation routes.

The Council of Governors have already agreed their schedule which captures formal CofG meetings, Forum meetings and Topic specific sessions, in addition to a schedule of training events.   Further work is progressing with regard to their Committees, but the revised schedule has already commenced since January, and immediately we have seen an improvement in relations and in their ability to drive forward agenda items.

The new Board Committees are scheduled to commence in April. It is proposed that to enable the NEDs to attain the level of confidence that enables them to step away from monthly meetings of Committees, on the months when the new Board Committees are not meeting, the NEDs will attend the equivalent TMB Committee until such time as the NEDs feel assured that the operational committees are working as intended.

As the recommended changes to Audit increased its frequency, a similar arrangement for Audit & Assurance Committee will not be required, but the Audit Chairman will on a regular frequency attend Board committees (as opposed to TMB committees) in order to gain assurances of the work of those committees in supporting the systematic testing of the Trust's control environment and of the effectiveness of their risk management focus.

The responsibilities of the Board of Directors have been highlighted at the beginning of this paper. In order to achieve these, the Board needs to be confident its policies, systems and controls are effective in delivering high quality, safe services that are compliant with standards and evidence based best practice, statutory and regulatory requirements, and that are effective in achieving strategic objectives and provide a good experience for service users.

To meet these needs it is important for the Board to agree:

- Issues that need to be reported routinely to Board and at an appropriate level of detail
- Issues that need to be reported only by exception e.g. significant variations against plan

- Issues that due to their nature change very slowly and therefore a less regular reporting cycle is appropriate.
- Issues that the Board wishes to delegate responsibility to Board Committees to drill into and seek robust assurances.
- Issues that despite delegations to its Committees the Board wants reporting up and at what frequency
- Issues that statutory/regulation dictates must be presented to Board, which when reported should clarify such requirements and make clear what is required of Board (we **must** avoid sending papers for the Board 'to note').
- Issues that require detailed understanding by the Board prior to any decisions being made by the Board at formal meeting, for which an alternative forum might be required (e.g. Away Day)

Part of the above has begun to be addressed in terms of the Board assessing its information and reporting requirements, including sequencing and frequency and more clarity and improvements will emerge as that debate concluded.

The Director of Corporate Services is currently reviewing the Standing Orders of the Trust alongside the Reservation of Powers and Scheme of Delegation, together with the Finance Department's review of the Standing Financial Instructions. The recommendations subsequently proposed to the Board will incorporate the above alongside recognition of the new Governance Structure.

The Board also needs to take account of the views of Governors, the needs of members and the wider community and adapt long term strategic decisions accordingly. Many improvements have been made concerning the relationship with the Governors and the first training and development event was received well. The Board agenda will now as a standing item include Governor matters to ensure the Board stays close to the latest issues affecting the Governors.

In order to maximise the benefits of change and to ultimately achieve more effective governance, it is important to reinforce the high level focus of the Board through revising the Board Committees so that governance and assurance is the delegated business of the A&A Committee; the Finance Committee and the Quality Committee.

The Committee restructure aims to develop the ability of the Board to seek assurances through process and audit, avoiding heavy participation in daily operations, and by ensuring the content of Board papers safeguards that the Board operates in a strategic role challenging actions to address variation or the risk of variation from plan, or from the expected quality of care. Timely recovery from adverse positions will help deliver effective governance, and assurances concerning quality of care and of staff, and of the positivity of patients' experiences should all be supported and validated through regular visits across Trust's localities to test the realities of the quality of healthcare delivery alongside further developments in the Confirm and Challenge programme – the outputs of which should drive the focus of the Executive Team and the TMB structures.

4. **Roles and Responsibilities –NEDs & EDs**
   Ensuring there is clear demarcation between the work of the Executive in running the Trust and the work of the Board in developing a successful business and assuring themselves, Monitor/Regulators and the Governors that the Trust is being run effectively and performing

through compliance with mandatory and statutory frameworks will assist in the delivery of effective governance.

As all Board Directors are liable for the decisions taken by the Board, all members of the Board need to have a universal understanding of Board matters and all members are also responsible for challenging the performance and contributions of other Directors. A particular duty is placed on the NED's in this regard and it is important the NED's feel free to provide constructive challenge to the executive team, but that the executives also feel free to be able to challenge each other. We should strive for a 'high support, high challenge mode' where such debate is healthy and productive rather than a sign of tension within the Board, or a sign of lack of trust or confidence.

All Board committees will be wholly NED membership, core NED members will be assigned to each Committee, but there is an open invitation to all NEDs to attend any Board committee.   Executives will be held to account through this structure and expected to provide assurances that withstand scrutiny but will be 'in attendance' and will not be voting members of the committee.

TMB comprises of Executive/Divisional management team membership, with full voting rights and with the CEO chairing and holding to account, members for the performance of the Trust individually and collectively. Senior managers also make up either membership or are in attendance and all TMB committees report into TMB, are required to escalate issues and manage all of risk, performance and quality matters. Work is ongoing with regard to the Sub-committees and sub-sub-committees supporting these governance frameworks and will be debated at the March TMB committee.

5. **Board Processes**
It is important the Board committee structure is simple and robust, supported by clear role definitions, terms of reference and comprehensive work plans that cover the relevant cycle of business.

The Board agenda should ensure that proper balance is given to the breadth of responsibilities, both over the year and at annual meetings. This needs to be supported by quality information in Board reports which need to answer key questions, provide the right debate, support decision making and ensure that the Board can look forward. A proposed work plan for Board was presented and approved with minor amendments at the January meeting.

The board will need to consider a formal Board effectiveness review by 2016 in accordance with Monitors Risk Assessment Framework but should implement a continuous programme of effectiveness reviews of itself and its Committees.

The proposals within this report should assist the Board not only to continue to embed structures, processes and patterns of behaviour that will enable them to look outwards, upwards and forwards including modelling implications for the future, with a proportionate focus on historical data, but will also assist in the delivery of its future ambitions articulated within its strategy documents.

6. **Board's approach to risk**
With regard to principal risks, to the achievement of strategic objectives, the risks the Board chose to include in the BAF and as a consequence to monitor through the BAF have not yet

resulted in an appropriate debate about the robustness of principal controls mitigating risks, potentially deflecting the Board from focusing on the key strategic issues and major risks to achievement of objectives. Significant improvements need to be made in what Board members consider to be sufficiently robust assurance to be confident in control system effectiveness, resulting in improvements in the quality of assurance being accepted.

The Director of Corporate Services/Company Secretary will be working with the Executives to introduce a new Board Assurance Report which will be presented by the relevant risk's Lead Executive. These reports will document on what basis the Executive believes the key controls are adequate and effective in managing the risks to delivery of strategic objectives. The Company Secretary will ensure the assurance elements of these reports capture both positive and negative assurances through the dynamic updating of the BAF on receipt of such as IA Reports or 3rd party inspections etc. This new process will commence in Q1 of the new financial year when the BAF risks have been agreed and each will be presented to the Audit and Assurance committee across the year, and will support the compilation of the Annual Governance Statement.

7. **Board's approach to quality**
Ultimately, Board will need to continue the same rigour applied to the publication of information setting out the quality of care provided, as is given to the finances. Quality and quality improvement is now the central agenda for the NHS. *'High Quality Care for all'* some time ago, defined quality as having 3 components – patient safety, clinical effectiveness and patient experience. The challenge will be to make improvements across all these areas to meet the aspirations of both clinicians and patients as to what a high quality service should be. The Board will need to ensure their quality reports are accurate and properly reflect both the standard of care and the experience of patients, and our priorities for quality improvement. The DoH legislated to require all providers of NHS care to produce a statutory Quality Account on which the Board needs to dedicate the appropriate focus. The work on the Quality Strategy will support alignment of the Board's focus on key risk and improvement areas and Board will need to ensure all 3 components of Quality additional to efficiency, receive equal focus and as such clinical effectiveness including how clinical audit and patient feedback has improved healthcare will need to feature more prominently in Board/Committee deliberations and will be scheduled accordingly.

8. **Board member' time commitment**
For most if not all Board members, both NEDs, and ED's, a potential lack of time due to the demands of the governance structure has been worth considering. The restructure once fully adopted and embedded, should allow members to focus their attention on critical issues and their own information needs. The transfer of ownership of matters currently addressed by the Board Committees, some of which will rightly transfer to TMB and its operational committees, because of their operational nature will refocus priorities and free up time for strategic matters enabling the Board to focus on the most important issues of policy, strategy, performance and (significant) risk/controls assurance. The single day Board will continue to assist in better use of time, but it is important these meetings do **not** become **full day** board meetings or they will become ineffective.

9. **Governance Committee Structures**
A notional date of 31st March for the date of change was proposed and agreed in order to focus attention on a specific timescale. However the recommended transitional arrangements mean that NEDs will not move in entirety to the new structure until such time as they are assured the TMB Committee structure is working as intended.

The NEDs ability to step back from the TMB Committees (which will from the outset be chaired by EDs) is predicated on the following critical success factors which need to be met most particularly for the NED's to be confident in the ability of the Audit and Assurance Committee and Finance and Quality Committees to effectively deliver assurance to the Board.

- An effective Board Assurance framework and Risk Management processes that assure the delivery of objectives through robust management of risks and evidence that these are being robustly monitored across the TMB structure
- TMB systematically reviewing the effectiveness of its operational committees and ensuring the quality of debate and appropriate, timely action / escalations.
- Clarity surrounding any implications of the revised structure coming out of the CQC imminent inspection
- Enhanced focus of Board Committees on financial and non-financial information including trends and predictions, and benchmarking to include a risk based approach to recommendations and debate
- Board confidence in tested performance management systems, thus negating the tendency of Board to involve themselves in operational detail.
- Confidence in project management capabilities to deliver key transformation, improvement and recovery projects.
- Enhanced focus of the Board Committees on third party inspection outcomes and recommendations following inspection/accreditation visits, on patient feedback and on the actions following True for Us reviews – as relevant to the respective committees.

10   Case for change

10.1   At the heart of this case is the focus on supporting what is needed to become a 'Best in Class' hospital. Assurance needs to be an enabler not a barrier.

10.2   To meet the highest standards of regulatory compliance and quality outcomes we need to stay ahead of the curve in terms of assuring the Board and the public through robust systems of validation driving quality improvement and risk mitigation.

10.3   It is mission critical that the Board is assured the Trust is operating to the highest standards of governance, in order to deliver assurance that withstands external validation, and thereby protects the Trust from non-compliance and sanction.

10.4   In order to deliver a robust approach to assuring self certifications and compliance with mandatory frameworks we need to ensure the appropriate organisational structure is in place. This would also be about building capability both within the Director of Corporate Services directorate but most importantly across the organisation but inevitably, capacity issues also need to be addressed.

10.5   Integration of working priorities for the assurance agenda with quality improvement and clinical effectiveness is critical to the success of this restructure.

10.6   Because the Trust does not take a strategic approach to delivering proactive assurance and quality improvement programmes, it
- 'happens' and it happens in silos
- is not co-ordinated

- is not integrated
- is at risk of not being sustained
- is ad hoc and fragmented

10.7 It is a strategic necessity to deliver a corporate view, so the Board identifies and understands what its data collection is telling it and where the risks of non compliance or control failure lie so the Board accurately self certifies and knows where focus or action is required.

10.8 The key role of the DoCS/CoSec directorate and the Board Committees is to oversee both compliance and quality assurance in order to assist the Trust in achieving excellence in its service delivery, its quality and service improvement programmes and in its adherence to policies and processes thus minimising risk of non-compliance with national and local requirements.

10.9 It is worth emphasising it is the Chief Executives and the Executives who are responsible for managing, monitoring and enforcing standards and improving the quality of care. The Board is the strategic driver of improvement and responsible for setting a strategic direction that delivers a viable, sustainable and competitive future, whilst overseeing performance and being reasonably assured of the effectiveness of its mandatory and governance frameworks.

10.10 The DoCS/Co Sec directorate will look to ensure provision through Board Committees of independent, impartial and objective assurance and support activity designed to add value and improve the Trust's control environment. By ensuring validated information it will support the Trust's accomplishment of its objectives by bringing a systematic, disciplined approach to evaluating and improving governance and assurance.

11 **Conclusion**

11.1 Over zealous regulators and external consultants assuring systems and processes with differing assessment criteria have caused the Trust to develop some inefficient ways of dealing with performance, quality and risk, resulting in much of what we do being driven by regulatory requirements as opposed to evidence based best practice and outcome measures alongside constructive challenge and independent, internally commissioned assurances.

11.2 The unforgiving focus on failures to meet standards or regulatory conditions will if not kept in check force the Trust to dedicate valuable resources to protecting its reputation through externally driven action plans. This is relevant in order to operate with confidence within our current environment, and in order to move the governance agenda forwards and refocus Board member attention and control, it is recommended that the proposed transitional arrangement for Board and TMB and their Committees are adopted and remain in place until such time all Board members are confident in the effectiveness of their respective committees.

11.3 The ultimate aim of the restructure is to free up time to re-focus the Board on strategic and performance issues to include a forward looking orientation which will enable the Board to flex responses in a timely fashion through anticipation of risks and unacceptable variance against plan. The restructure will enable the CEO to focus his Executive Team on operational matters that safeguard delivery of the Board's strategies and quality/financial performance indicators and will enable the NEDs to focus on the attainment of robust and defensible assurances that what we think is the quality of our services, is in fact the reality and challenge systems where this is not the case.

12   Actions required by Board
        Board members are invited to:

➤ Note the content of the report and individually determine how you each might improve the effectiveness of the new Committee structure and the information provided to Board to enhance decision making, focus and a forward looking orientation coupled with a deeper understanding of prospective risks. Utilise that thinking to support improvements in the forward plans and agendas going forward
➤ Approve the governance and assurance transitional arrangements
    o CG&QC NED meeting in March.   Attend TMB CQ&G Committee April. Attend **New (Board) Quality Committee** in May……
    o F&PC NED meeting in March. Attend **New (Board) Finance Committee** in April. Attend TMB FPI&CDC in May…….
    o Audit & Assurance bi-monthly schedule already in operation
    o Risk & Assurance Committee – disbanded in March. NED members to agree rotational attendance at all TMB Committees
    o Chairman to attend March/April TMB and any Board or TMB committee at short notice/unannounced
    o CEO to attend any TMB Committee at short notice/unannounced
➤ Approve NED core membership of Board Committees
    o Finance
        ▪ Gerry McSorley (Chair)
        ▪ Mark Chivers (Deputy)
        ▪ Claire Ward
    o Quality
        ▪ Peter Marks (Chair)
        ▪ Claire Ward (Deputy)
        ▪ Mark Chivers
    o Audit & Assurance
        ▪ Ray Dawson (Chair)
        ▪ Gerry McSorley (Deputy)
        ▪ Tim Reddish
        ▪ Peter Marks
    o Remuneration & Nomination
        ▪ Sean Lyons (Chair)
        ▪ Gerry McSorley (Deputy)
        ▪ Peter Marks
    o Charitable Funds
        ▪ Tim Reddish (Chair)
        ▪ Claire Ward (Deputy)
        ▪ Ray Dawson

Board are reminded they approved the Terms of Reference of the Board Committees at the December meeting and the Director of Corporate Services/Company Secretary will be meeting with each of the NED chairs in order to discuss the workings of each Board Committee and its forward plan over the coming weeks.