

Board of Directors (in Public)

Item 5.2

Subject: Annual Review of Board Directors' Disclosures
Date of meeting: 27th March 2018
Prepared by: Lucy Lavan/Director of Corporate Affairs
Presented by: Lucy Lavan/Director of Corporate Affairs
Purpose of Report : For Approval

BAF Ref	All
Impact on BAF	None

1. Executive Summary:

The purpose of this paper is to request that the Board undertakes its annual evaluation of:

- i) Interests declared by Directors to determine any potential material conflicts;
- ii) NED independence;
- iii) Compliance with fit and proper persons criteria (Licence Condition 4 and Regulation 5 of the Health and Social Care Act 2008 (Regulated Activities) Regulations 2014).

2. Annual Board Declaration Process:

- i) The NHS Foundation Trust *Code of Governance* ('the Code') states that Boards should follow a policy of openness and transparency and make clear how conflicts of interests are dealt with (provision A1.9). Board Directors are prompted to review their declarations of interests on an annual basis, and the Register of Interests is then updated and reviewed by the Board in March each year, to enable the identification and consideration of any potential conflicts. This process is supplemented by the inclusion of a standing agenda item on all Board meetings for 'Declaration of Interests' relating to items on the agenda. All Board Directors are required to declare any interests as soon as they arise in order that any potential conflicts can be mitigated. The Trust adopted a new Policy on Managing Conflicts of Interest in 2017/18 following publication of new national guidelines. An electronic register developed by MES Declare is also in place and enables web-based public accessibility to the Trust's register via the LHCH website.
- ii) Provision B1.1 states that the Board should determine the independence of each Non-Executive Director and sets out criteria for independence. The Board should determine whether each Director is independent in character and judgement and whether there are any relationships or circumstances which are likely to affect or could appear to affect the Director's judgement. Non-Executive directors have previously been asked on appointment to complete a self-declaration in respect of the independence criteria set out in the Code, for review by the Board and to support the required disclosure in the Annual Report. Non-Executive Directors are asked to complete a self-declaration annually and to highlight any new issues as these arise for the Board's consideration.
- iii) The Provider Licence came into effect on 1.4.13 and requires that all Board Directors (and Governors) are 'fit and proper persons' (as defined in condition G.4). Regulation

5 of the Health and Social Care Act 2008 (Regulated Activities) Regulations 2014 places a further duty on NHS Providers not to appoint or allow a person to continue to serve on a Board unless certain requirements are met. A Fit and Proper Person's Policy has been adopted by the Board (March 2016) and requires all existing Directors to complete an annual self-declaration.

- iv) In response to the above requirements, Board members have been asked to complete 3 declarations for review by the Board:
- a) Interests (Register of Interests is attached at Appendix 1)
 - b) Independence (NEDs only- summary of declarations is attached at Appendix 2)
 - c) Fit and Proper Persons self-declaration (Summary at Appendix 3)

3. Exception Report - Independence of Neil Large, Chair

The following extracts are from provisions of the NHS Foundation Trust Code of Governance:

- *Serving more than six years could be relevant to the determination of a non-executive's independence.' (B.7.1)*
- *The Board should determine whether the director is independent in character and judgment and whether there are relationships or circumstances which are likely to affect or could appear to affect the director's judgment; (B1.1)*

Neil Large was re-appointed by the Council of Governors for a third successive year beyond an initial six year tenure (of two 3 year terms) and his current term of office will expire in October 2018, at which point he will have served on the Board of the foundation trust for almost nine years.

The Board is asked to determine that the Chair continues to be independent based on (but not limited to) the following points:

- No material conflicts of interest
- Clear boundaries maintained between professional and personal relationships
- Steady turnover of NEDs which brings independence to the collective Board
- No involvement of Chair in Audit Committee, or Board Assurance Committees, which are all NED Committees.
- No involvement at Operational Board meetings, Executive Team meetings or management forums.
- Evidence of effective board culture and constructive challenge (minutes and action logs; evaluation of meetings, NED review at NED meetings and independent observations and evidence set out in Well Led Report.

4. Recommendations

The Board is asked to:

- i) Review the Register of Interests (Appendix 1) and consider any potential conflicts, confirming either that there are no material conflicts or else determining how any conflicts are to be dealt with.

- ii) Review the self-declarations of NED independence and determine the independence of each NED (Appendix 2), paying particular attention to the long service of Neil Large, Chair (Refer para 3)
- iii) Review the self-declarations in respect of the fit and proper persons test and confirm that based on self-declarations; there is no evidence to suggest that the Trust is non-compliant with Condition G.4 of the Provider licence or Regulation 5 (Health & Social Care Act 2008 [Regulated Activities] Regulations 2014 in respect of all existing directors Appendix 3)