

## Board of Directors (Public)

### Item 6.2.3

## board report

**Subject:** Integrated Performance Committee Annual Assurance Report 2014-15  
**Date of meeting:** 28<sup>th</sup> April 2014  
**Prepared by:** David Jago, Chief Finance Officer  
**Presented by:** Marion Savill, Chair Audit committee

Data Quality Rating	BAF Ref	Impact on BAF Risk Rating
N/A	9	None

#### 1. Introduction

The Integrated Performance Committee (IPC) was established in July 2014 as an assurance committee of the Board of Directors of Liverpool Heart and Chest Hospital (LHCH) NHS Foundation Trust in order to oversee the design and delivery of the Trust's current and forecast performance and its operations in relation to compliance with the licence, regulatory requirements and statutory obligations. The Committee is a Non-Executive Committee.

The Committee's main priority is to review and scrutinise assurances that the Trust is operating and will continue to operate within the terms of its licence, regulatory requirements and statutory obligations. In particular, it shall :

- Ensure that appropriate data quality standards are set and compliance with these standards is monitored

This report sets out how the committee has functioned and supported the Board of Directors at LHCH during 2014/15 where it met on four occasions, by critically reviewing financial and performance management at the Trust and upon which the Board of Directors place reliance.

The Committee has also agreed a number of continuing work streams to enable a successful financial strategy be in place for 2015/16.

The Committee has considered issues at a corporate and departmental level and sought and received assurances as necessary.

In overall terms the Committee has operated effectively and met all of its terms of reference. As part of additional assurance processes Mersey Internal Audit Agency (MIAA ) observed the IPC at its meeting on the 21<sup>st</sup> January 2015 noting elements of both good practice and areas for improvement (The full report can be found by referring to Appendix 1)The 2014/15 work plan has been delivered in full.

#### 2. Principal Review Areas

The Committee has overseen the delivery of the Trusts 2014/15 financial plan and the execution of financial and performance targets for 2014/15 as at the end of March 2015.The committee has debated the delivery of the CIP programme for 2014/15 and whilst noting delivery below plan due to three key strategic pay work streams has noted

the risk going into 2015/16 due to both the level of slippage and the level of non-recurrent savings standing at circa £0.65m with this being mitigated by margins delivered on recurrent activity growth in 2014/15.

This annual report reflects the key objectives of the Committee as set out in the terms of reference.

### **2.1 Financial management**

The Committee has reviewed relevant financial reports and other assurance reports for 2014/15. The Committee has reviewed and monitored the financial performance of the Trust, with emphasis on delivering the key financial metric requirements for the nine months of the financial year a foundation trust operating at a minimum level 3 Continuity of Services risk rating (CoS rr). A key issue recognised by the Committee is the “forward look” and the delivery of this objective will be the subject of discussion and agreement as to what the key metrics the committee wishes to receive to enable it to adequately carry out this function given that operational financial planning is now restricted to a one year timeframe.

With regards to liquidity the committee has noted potential threats to the Trusts liquidity position through non delivery of CIP and has received information on mitigations to this risk through the Trusts rolling 13 week cash flow forecast and other cash preservation initiatives e.g. revised payment terms and conditions for large suppliers, changes to bulk stock delivery etc.

### **2.2 Financial plan**

The Committee has received in year financial planning information to facilitate structured discussion and debate and from this providing assurance to the Board of Directors of the Trusts short term financial and clinical sustainability.

### **2.3 Governance**

The Committee has reviewed performance information pertaining to the delivery of Monitor green governance requirement. The Committee has deliberated in year planned non-compliance to RTT in quarter 2 and quarter 3 to enable better management of our waiting list. Risk in respect of non-compliance at speciality level for RTT in quarter 4 will be fully debated to enable informed debate with regards to on-going compliance and ultimate assurance to be received by the LHCH Board of Directors that compliance will be restored in quarter 1 of 2015/16.

The Committee has noted key performance issues in other areas e.g. Cancer and is aware of performance on 62 day being compliant post breach reallocation and will assess risk to on-going compliance subject to any potential changes in the 2015/16 Risk Assessment Framework.

With regards to a continued focus on quality the committee has debated issues focusing on capacity, the levels of activity coming to the Trust (particularly around non elective) and the mitigating action to ensure the continued provision of safe, high quality services. This focus resulted in the Committee reaching agreement on the capacity work required to underpin the one year operational plan to be fully debated at its March 2015 meeting.

With regards to supporting the Trust's Board Assurance Framework the Committee has ensured via its hot topics reporting that the Board of Directors are fully sighted on all key risks that potentially would jeopardise the delivery of corporate objectives and any consequent impact in respect of compliance with its licence and regulatory and statutory obligations.

### **2.4 Workforce**

The Committee has reviewed performance information in respect of key workforce metrics. Whilst the Committee has noted overall acceptable performance it has requested

that detailed hot spot reports are brought to future meetings to ensure the committee is fully sighted on challenged areas within the Trust.

### **3. Delivery of Objectives set by the Board of Directors**

The committee terms of reference are attached at Appendix 1. As noted above the committee has successfully delivered against these terms of reference and the work plan for 2014/15 containing the committees objectives set by the Board has also been successfully delivered. Also noted are potential areas of focus for the committee going forward.

### **4. Sub Committees**

The committee has received hot topics and minutes in accordance with the agreed Terms of Reference. These are:

Risk Management and Corporate Governance – via hot topics/minutes

### **5. Conduct of Meetings**

A Committee work plan was agreed on its inception in July 2014. The schedule has been adhered to overall with some timetables flexed with the Committee's approval over the period.

The agenda has been structured to consider the key requirements of the terms of reference as well as the Trust's development of its financial, performance and workforce strategy.

Minutes and an action log are adequately maintained. All meetings have been quorate.

### **6. Terms of Reference**

The attached terms of reference (Appendix 1) are still considered to be appropriate going forward to ensure the Committee undertakes and fulfils its role as an assurance committee of the Board of Directors successfully in 2015/16.

### **7. Recommendations**

The Board of Directors are asked to;

- Confirm the Committee has operated effectively during 2014/15 successfully discharging its key duties and responsibilities.



# High level observations of the Integrated Performance Committee

Liverpool Heart and Chest Hospital NHS  
Foundation Trust



# Integrated Performance Committee High Level Observations

## Background

To support the Trust in its assessment of the effectiveness of its new governance structure we attended and observed the Integrated Performance Committee (IPC) meeting on 21 January 2015. We have also had sight of the draft minutes and the action log from the meeting.

For context, this was the first meeting for the new Committee Chair (she was previously a member of the Committee) and this was also the first meeting for one of the NEDs (this NED is new to the Trust). The high level observations from attending that IPC meeting are summarised below. A summary of the timings for each agenda item is set out in Appendix A.

## Good practice

We noted a number of good practice elements:

- Quoracy requirements are set out in the terms of reference and this meeting was quorate.
- Minutes are taken at each meeting. Any concerns or queries regarding what was captured in the minutes can be raised at the next meeting.
- There is an action log in place which is reviewed at each meeting.
- The Committee work plan sets out a cycle of business matters and areas to be dealt with across the year.
- There are standing agenda items for each meeting which link to the Committee workplan. The workplan will be amended to reflect specific requirements from members at this meeting eg going forward the 2015/16 workplan will include regular reporting on PMO projects.
- The Chair amended the sequence of the papers so that the meeting flowed better and the agenda followed a more logical sequence in terms of Committee requirements (approval/noting).
- The Committee Chair reiterated the role of the committee at the start of the meeting and aimed to ensure the discussions focussed on these eg obtaining assurance, identifying risks that need to be brought to the Board's attention and robustness of information being presented to the Committee.
- Most of the papers were sent out in advanced of the meeting. One paper was tabled (a graph on urgent referrals) and it was appropriate to do this. The PMO dashboard paper was sent out the same day as the meeting.
- The Chair allocated informal timings to each agenda item to ensure the meeting ran to time.

# Integrated Performance Committee Observations

## Good practice continued

- Where papers were sent out, on the whole those papers contained key messages so that the reader could grasp the important issues quickly without having to read the whole report.
- Where executives were challenged around performance they provided detail on the action plans to put things right rather than just on why the targets had not been achieved.
- During the meeting the members (and the executives) struck a good balance between supporting and constructively challenging one another. The experienced NEDs demonstrated good scrutiny and challenge and the executives had a grip on the detail and were able to answer questions – the new NED also contributed in many areas. The members were persistent in challenging the PMO dashboard until they had clarity around the financial impact of the CIP schemes and what assurances and information the Committee needed on a regular basis.
- For some agenda items the members did reflect/summarise what action or decision needed to be recorded in the minutes and how the papers supported the committee objectives in terms of assurance and risk identification for the Board.
- The meeting only got drawn into operational detail on a small number of occasions eg discussions around NICE guidance, cancelled operations and equipment failure. The Chair was good at asking the executives to pull away from the detail. It may be that part of the more detailed discussion was to help bring the new NED up to speed.
- The discussions showed that members recognise their corporate responsibilities and the collective responsibility for all aspects of the performance of the Trust, including financial performance. Both NEDs and executives contributed to areas outside their specialist field.
- The Committee is planning to carry out a formal annual evaluation of its effectiveness and compliance with its terms of reference at the next IPC meeting.
- During the meeting the Committee reflected on its effectiveness and areas where it can improve its performance so that it can better meet its terms of reference – these include:
  - Making sure the IPC makes better use of the work of the reporting committees in particular the Operational Board.
  - Ensuring there is more of a focus on forward looking performance.
  - Raising the profile of data quality assurances received by the Committee.

# Integrated Performance Committee High Level Observations

## Areas for improvement

Due to the newness of the IPC understandably the Committee arrangements are still evolving to meet the terms of reference and to provide the assurances to the Board. In addition we note that a number of support staff, who have specific experience of minute taking, have recently been recruited and it is the intention that they will become more involved in supporting committees and ensuring consistency of minutes.

Observations where improvements could be made include:

- There is a committee workplan in place. However, it was difficult to see evidence of how this was driving the agenda or the relevance of certain agenda items eg some of the agenda items did not contain assurances and seemed to be for information.
- Overall, the draft minutes were an accurate reflection of the discussions that had taken place but in some places important information was not captured. This means that people who wish to understand the business of the meeting, but were unable to attend, may not have the same level of assurance about all the challenge and discussions as those attending the meeting. Examples are provided below:
  - during item 5.1 on the M9 Finance Report one of the members asked for 5 year trend information. During the same item a member asked about the impact of the Monitor risk consultation on financial plans. The executive answered these questions and provided reassurance to the Committee on these point including action management was taking. These discussions and the specific information requests were not recorded in the draft minutes we saw.
  - during item 5.3 on SLR reporting the Director of Finance provided assurance that the team had the capacity to deliver SLR information – this is not included in the minutes.
  - the actions agreed at the end of the items capture the main requirements but could be expanded so that it is clear what members are expecting to see at the next meeting. For example in the paper on planning for 2015/16 the action in the draft minutes is to "update the workplan for 2015/15 to include regular CIP updates." During the meeting members stated they wanted a role in testing the annual plan and wanted assurance that quality impact assessments are being carried out. Also members wanted to flag up to the Board that it needed to have a greater role in scrutinising CIPs. These actions may be reflected in the updated workplan but there is a reliance on individuals to recall the agreed actions from the meeting rather than having the minutes as a reference point and a permanent record of the agreed actions.



# Integrated Performance Committee High Level Observations

- It is not always clear that the top Board Assurance Framework (BAF) risks are covered in the papers or how the IPC will communicate any impact on the current BAF to the Board.
- It would have been helpful if the Committee had received a paper on Monitor's consultation regarding changes to the Risk Assessment Framework (RAF) and the potential impact on the Continuity of Service Rating for the Trust. Whilst accepting that this is in the consultation phase, significant changes following consultation are rare. The new RAF will be live from April 2015.
- In reading the papers in advance of the meeting it wasn't always clear how each paper fitted with the Committee remit eg estates strategy document – it became clearer during the discussions at the meeting but it would help to guide the reader if the purpose was clear in the front sheet or summary.
- There was limited reference to data quality in the papers and the Trust data quality grading systems was not used in the papers eg there was no reference in the papers or in the discussion as to how reliable the workforce metrics are. We understand the Trust has recently changed provider and this could impact on the reliability of data.
- Many of the assurances given were in the form of internal assurances from executives. Whilst these are valuable assurances – it may help the committee if the papers can be backed up by any other type of assurances eg from audit, other external assurance providers, benchmarking.
- The meeting felt a bit rushed towards the end and a couple of items were deferred for further clarification.
- The Trust Chair is a member of the Committee and whilst we observed that he contributed significantly to the meeting it is unusual for a Trust Chair to be involved in Board sub-committees.

# Integrated Performance Committee High Level Observations

## Potential area for improvement

With the newness of the Committee in mind and the fact that the members are mindful of improvements that can be made we have suggested the following as areas where the Committee enhance the design and operation of current arrangements, these include:

- Ensuring that the Committee is better sighted on new and emerging risks and that members have early warning signs which allows them to be on the “front foot” and better anticipate performance issues.
- Reviewing the order and prioritisation of the agenda eg consider moving the report from the Operational Board further up the agenda as this can be a key assurance report.
- Suggesting that the Operational Board map its assurances/risks to the relevant Board Committee and provide an assurance report for each meeting – this should help avoid any overlap/omissions between the work of the Board Committees.
- Assessing whether it is appropriate to allocate formal timings on the distributed copies of the agenda. The aim of allocating time slots for agenda items is to ensure and communicate to members and those presenting the papers an appropriate balance and focus on different agenda items.
- Revisiting the workplan to identify which evidence/assurance statements provided to the Committee can inform the year end Trust self-certification requirements eg Corporate Governance Statement.
- Aligning the Committee workplan more clearly to the terms of reference – both in making sure all proposed items are relevant to this Committee and that all parts of the Trust are covered so there are no gaps in the oversight of the Committee.
- Ensuring all jargons and acronyms are clear – NEDs (new ones especially) many not understand these or may have seen the acronym used in another way which may lead to confusion
- Requesting a written paper for each agenda item, which is sent out in advance of the meeting. This gives members time to digest the information and means they are better placed to challenge and question. Verbal updates/presentations should only be allowed in exceptional circumstances.

# Integrated Performance Committee High Level Observations

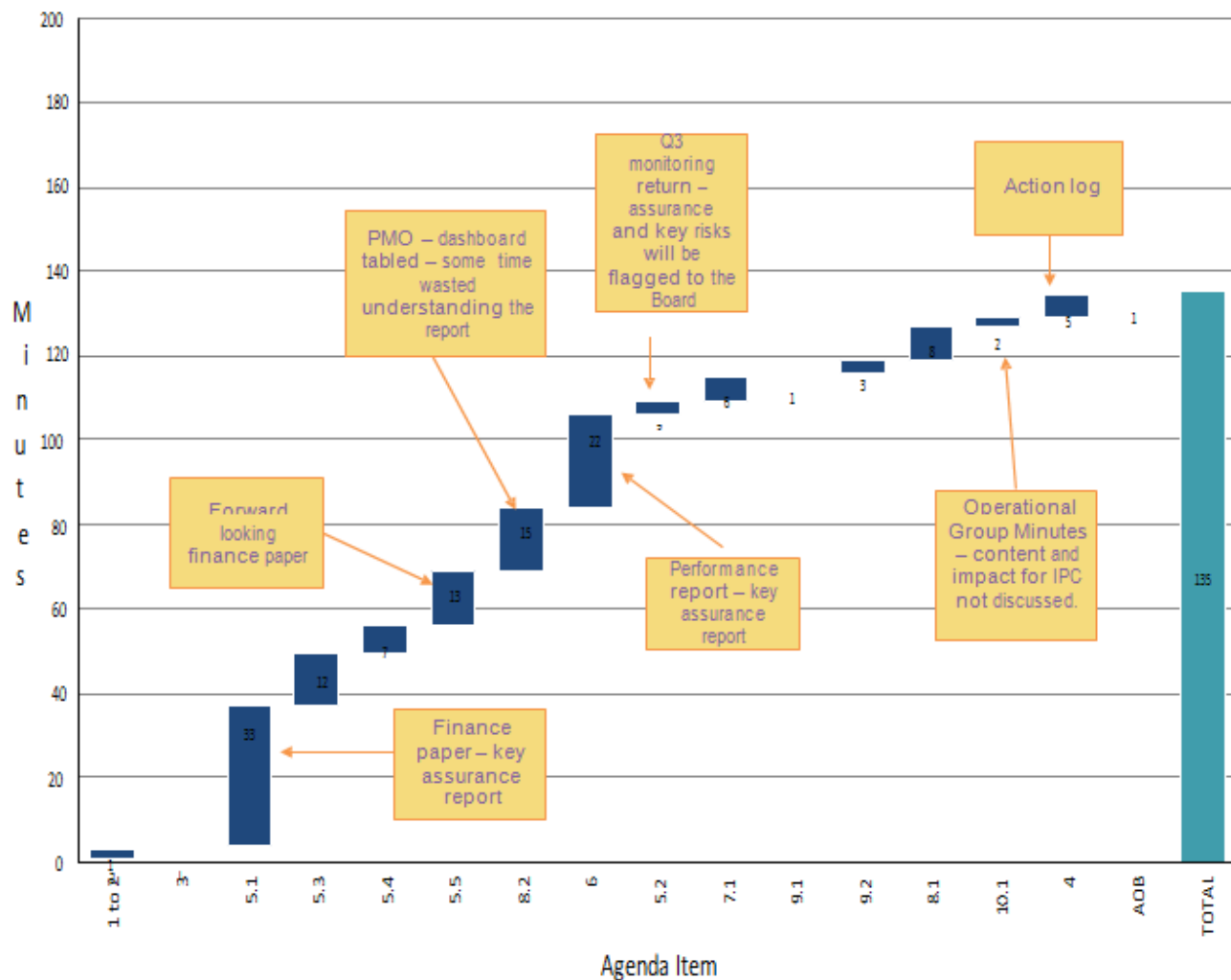
## Potential area for improvement continued

- Utilising the standard template for committee reports which includes a data quality rating and how the paper links to the BAF. All papers should show a clear link to BAF risks and explain how the assurances being presented are mitigating these so that recommendations can then go to Board around amendments to the BAF. This applies to any new risks also eg the impact of surgeon being absent and industrial action and how these factors could have an adverse impact on the 18 week target.
- Ensuring that the IPC is sighted on and can draw on a wide range of assurances to help validate the information and data it receives eg internal audit, external audit, other external assurances and benchmarking as well as internal assurances.
- Reflecting on whether it is appropriate for the Trust Chair to be a member of the IPC and how this may be viewed by the outside world. The Trust should satisfy itself that there are no conflicts with the current arrangements.
- Ensuring that the minutes are an accurate reflection of the discussions including a record of the decisions taken by the members for each paper and all the agreed actions from the meeting. The actions could include identifying those items for escalation to the Board.
- Drafting the minutes as soon as possible after the meeting while everything is still fresh in memory. Some Chairs create key parts of the minutes during the meeting.
- Being clear on when to use the action log and when to include actions in the minutes for consideration as part of matters arising.
- Ensuring that the reports from the risk committee focus on relevant assurances for the IPC eg health and safety, business continuity and emergency preparedness which form part of the IPC terms of reference.

Improvements in the management and content of the meetings should make sure that the Integrated Performance Committee is well placed to ensure it can execute its role of providing assurance to the Board.

## Appendix A Summary of timings from the meeting

Meeting Observation - Integrated Performance Committee 21 January 2015



Nr	Agenda item	Nr.	Agenda item
1-2	Apologies and declarations of interest relating to agenda items	6	Performance - Month 9 Dashboard and M9 Exception Report
3	Minutes from 21 October meeting	7.1	Estates Strategy
4	Action log	8.1	Month 9 workforce metrics
5.1	Month Finance Report	8.2	PMO Progress Update (including programme dashboard)
5.2	Quarter Monitoring Return	9.1	Risk Management and Corporate Governance Report
5.3	SLR reporting and Month 8 update	9.2	Review of IPC terms of reference
5.4	Private Patient Update	10.1	Operational Board Minutes
5.5.	Planning for 15/16	AOB	– time and date next meeting

Appendix 2

# Integrated Performance Committee

## terms of reference

<b>Authors Name &amp; Title:</b> David Jago, Chief Finance Officer and Lucy Lavan, Associate Director of Corporate Affairs	
<b>Scope:</b> Trust Wide	<b>Classification:</b> Terms of Reference
<b>Replaces:</b> New document	
<b>To be read in conjunction with the following documents:</b> Governance Manual, Monitor licence, Monitor Risk Assessment Framework Board Assurance Framework	
<b>Document for public display?</b> Yes	

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## 1. Constitution and Remit

This Committee is established as an Assurance Committee of the Board of Directors of Liverpool Heart and Chest Hospital NHS Foundation Trust in order to provide the Board with assurances in respect of the Trust's current and forecast performance and its operations in relation to compliance with the licence, regulatory requirements and statutory obligations. This is a Non Executive Committee.

## 2. Authority

The Integrated Performance Committee is authorised by the Board of Directors to investigate any activity within its terms of reference. It is authorised to seek information it requires of any employee (or contractor acting on behalf of the Trust) and all employees (or contractors acting on behalf of the Trust) are directed to co-operate with any request made by the Committee.

The Committee is authorised by the Board to obtain legal advice or other independent professional advice.

The Committee is authorised to request the attendance of individuals and authorities from inside or outside of the Trust with relevant experience and expertise, where it considers this is necessary or expedient to the carrying out of its functions.

Trust Standing Orders and Standing Financial Instructions apply to the operation of the Committee.

## 3. Main Priority and Objective

The Integrated Performance Committee shall provide the Board of Directors with a means of independent and objective review and assurance to the Board of the Trust's current and forecast performance. The Committee's main priority is to review and scrutinise assurances that the Trust is operating and will continue to operate within the terms of its licence, regulatory requirements and statutory obligations. In particular, it shall :

- Ensure that appropriate data quality standards are set and compliance with these standards is monitored

## 4. Duties and Responsibilities

The Committee will focus on the current and forecast performance against all regulatory and statutory targets.

Specifically, the Committee will:

i) **Annual Plan and in-year Monitor Returns** : review the integrity of data prior to submission

ii) **Integrated Governance** : Receive assurance from the Operational Board in relation to:

- Current and forecast financial and operational performance against annual plan submitted to Monitor (Monitor targets)
- CIP progress
- Contract performance
- Financial and operational performance at directorate and service line level
- Capital planning
- Productivity
- Workforce metrics and delivery of People Strategy

iii) **Regulatory and statutory guidance:**

- Receive a report which summarises new and emerging guidance from regulators and external agencies
- Receive external assurance reports from regulatory bodies and external agencies on matters falling within the remit of the Committee
- Receive assurance relating to compliance with Health and Safety Executive standards
- Receive assurance relating to emergency preparedness
- Receive assurance relating to business continuity
- Receive assurance on the effectiveness of systems and processes for deploying and managing staff

- Receive assurance relating to pre-employment checks, fitness to practice and medical revalidation

iv) Consider urgent or material matters referred to the Committee by the Operational Board, Audit Committee or Board of Directors

## 5. Equality and Diversity

Ensure that equality and diversity and due consideration to the Human Rights Act are regarded in all aspects of the committee's work. This will include review of any equity analyses that are commissioned against the Trusts clinical services portfolio.

In addition the Committee will have regard for NHS constitution in delivering its objectives.

## 6. Integration

The committee will support the integration of clinical, organisational and financial governance across the Trust.

## 7. Membership

Three nominated Non Executive Directors, one of whom will be the Chair and one the Vice Chair.

In attendance at all meetings:

Chief Finance Officer

Chief Operating Officer

Director of Strategy and Organisational Development

All of the above to appoint a nominated Deputy who will attend in his / her absence

The Committee may invite other officers to attend meetings as required.

All Board Members have a right to attend any meeting of the Committee.

## 8. Quorum and Frequency

In order for decisions taken by the Committee to be valid, the meeting must be quorate. The Chair or Vice Chair plus one other member of the Committee must be present at the point when any business is transacted.

The Committee will meet quarterly (4 times per year) with an additional meeting in March each year to deal with receipt of assurances relating to the submission of the operational plan to Monitor.

The Chair may at any time call an extraordinary meeting to deal with urgent matters.

## 9. Reporting

The Committee Chair will provide a BAF Key Issues Report to the Board of Directors following each meeting, along with approved minutes and an annual report, which will include a review of the Committee's Terms of Reference.

The Chair of the Committee will escalate urgent matters and exceptions to the Board and / or Audit Committee in-between meetings as deemed appropriate.

The Committee will receive assurance on the work of and reports from the Operational Board in respect of matters set out within this terms of reference.

The Committee will receive the minutes of the Operational Board.

#### **10. Conduct of Committee Meetings**

The Chair of the committee will be supported by a lead Executive Director who will ensure that the appropriate processes are followed:

- Minutes and action log are accurate, comprehensive and timely
- The agenda and supporting papers are sent out to committee members 5 working days prior to the meeting, unless authorised by the Chair for exceptional circumstances
- Authors of papers presented must use the required template and adhere to BAF Policy.
- Presenters of papers can expect all committee members to have read the papers and should keep to a summary that outlines the purpose of their paper/report and key issues.
- Committee members and those in regular attendance should actively participate in discussions pertaining to the agenda, ensuring that solutions and action plans have multidisciplinary perspectives and consideration of Trust-wide impact