

Board of Directors (Public)

Item 6.1

Board Report

Subject: Governance Review
Date of meeting: Tuesday 28th July 2015
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Presented by: Lucy Lavan, Associate Director of Corporate Affairs

Data Quality Rating	BAF Ref	Impact on BAF Risk rating
n/a	3	None

1. Introduction

The purpose of the paper is to bring together the outputs of the recent governance review work and ask the Board to:

- i) approve the proposed amendments to the Board Committee structure and associated Terms of Reference; and
- ii) support the proposed action plan following MIAA's review of the 2015 Corporate Governance Statement (Report received by the Board in May 2015).

2. Background

The Board introduced a new governance structure in July 2014 and this has been reviewed, 12 months on, informed by the following :

- Annual evaluation undertaken by each Committee with annual reports to the Board of Directors (April 2015)
- Annual evaluation of the Board of Directors (February 2014)
- MIAA observation and feedback reports on Integrated Performance Committee (IPC) and Quality Committee (reported April 2015)
- Assurance mapping exercise undertaken to streamline the work of the executive led operational 'functional' groups, pending the establishment of the new Divisional governance arrangements (July 2015)
- MIAA workshop session (16th June 2015) on Monitor's 'Well Led Framework' and a review of the Committee effectiveness after 12 months, referencing the anticipated benefits of the new arrangements that were set out 12 months ago.
- A review of the terms of reference of the Nominations and Remuneration Committee (Executive) in accordance with current best practice.

The Board was required to submit to Monitor its 2015 Corporate Governance Statement (CGS) at the end of June 2015. MIAA was asked to evaluate the adequacy and sufficiency of evidence underpinning the CGS in order that the Board could confidently confirm its declarations to Monitor. The Board received MIAA's report in May 2015. In response to the recommendations of this report, an action plan has been developed for the Board's consideration.

3. Committee Structure

The Committee structure approved by the Board in July 2014 is attached at Appendix 1. This represented a significant change in the Trust's governance arrangements and has been operational for 12 months.

During this time the Trust has reviewed its operational management arrangements, restructured the former directorates into three new Divisions and put in place new operational leadership based around a triumvirate model with each Division led by an Associate Medical Director, a Divisional Head of Operations and a Head of Nursing; with assigned business partners for HR, finance and informatics.

The governance review work has highlighted that whilst many of the intended benefits of the new arrangements have been realised, there are two key issues that need to be addressed:

- there continues to be a significant workload and potential duplication associated with the executive led operational 'functional' groups – the new Divisional structure and refresh of governance and performance meetings provides an opportunity to review these arrangements
- there are gaps in the assurance mechanisms related to the workforce agenda – the workforce committee has not met – some assurances have been incorporated within the respective remits of Quality and Integrated Performance Committees, but there remain some gaps.

In order to address these issues, a review of each Committee's business cycle has been undertaken along with an assurance mapping exercise to :

- Define the assurances to be received by a proposed new assurance committee – a People Committee (aligned to the People Strategy) and realign, where appropriate, the workforce assurances currently received by IPC and Quality Committee;
- Review the ongoing requirement for each of the executive led functional groups by mapping the business cycles of these groups to Assurance Committees and Divisional Committees and undertaking an assessment of the ongoing requirement of any residual work
- Align Committee terms of reference and business cycles with the new risk management strategy
- Redefine the Operational Board's reporting relationships to maintain a clear distinction between assurance and operational delivery.

This assurance mapping work has led to a number of outputs as follows:

- i) An updated Board Committee structure (Appendix 2) that includes a new 'People Committee' (Assurance Committee comprising Non Executive Directors) – this will meet quarterly and be time limited to 4 meetings pending a review in July 2016. The proposed Terms of Reference for the People Committee is at Appendix 3.
- ii) Revisions to the Terms of Reference for
 - Quality Committee (Appendix 4)
 - Integrated Performance Committee (Appendix 5)
- iii) Revised business cycles for all assurance Committees, aligned to new ToRs and to be agreed between the nominated exec lead and Committee Chair. The Audit Committee's business cycle will be updated to include a twice yearly review of the KPIs set out in the Risk Management Strategy, in order that the Audit Committee can be assured that the risk management arrangements are operating effectively.
- iv) Revised Terms of Reference for Operational Board (Appendix 6)
- v) A new sub structure for Operational Committees reporting into the Operational Board – this includes the three Divisions; a CIP Steering Group (to ensure a renewed rigour in delivery of CIP targets – chaired by CEO), an Operational Planning Group which will operate on a task and finish basis in accordance with the requirements of the annual planning cycle (chaired by Director of Strategy and OD); retention of the Risk Management and Corporate Governance Group, but with revised Terms of

Reference aligned to the new Risk Management Strategy, (chaired by Director of Research & Informatics) .

- the Operational Committees of Finance, Workforce and Research & Innovation will be immediately disbanded and no longer report in to Operational Board. Each Executive Director will establish and lead any governance / operational groups necessary to ensure delivery of Trust objectives for which they are responsible.
 - The Clinical Quality and Patient & Family Experience Committee (Chaired by the Director of Nursing and Quality) will continue temporarily but will be disbanded after its September 2015 meeting.
- vi) Clarity that policies will be approved / reviewed at the appropriate operational level, with assurance that policies have been approved and kept up to date provided periodically to the relevant NED led assurance committee
- vii) Establishment of annual business cycles for the Divisional Governance and Performance meetings and provision of dedicated administrative support for each Division to support the effective management, execution and recording of Divisional meetings.
- viii) Review and realignment of NED responsibilities to enable
- the establishment of the new People Committee comprising three NEDs; and
 - removal of the Trust Chair as a member of IPC (MIAA recommendation)
- A schedule of the proposed revised responsibilities has already been shared with and supported by the Non- Executive Directors.

4. Review of Nominations and Remuneration Committee (Executive) Terms of Reference

At its last meeting on 23rd June 2015, the Nominations and Remuneration (Executive) Committee reviewed its terms of reference and recommended a number of refinements in order to ensure alignment with current best practice and good governance. The recommended amendments are highlighted in the ToR document attached at Appendix 7.

5. Committee Effectiveness

The Committee Effectiveness Review undertaken with the Board of Directors on 16th June 2015 (facilitated by MIAA) identified the following development requirements:

- Establishment of a People Committee to provide a means of bringing together assurances to support delivery of the workforce agenda – addressed within new structure, for review after 12 months.
- Review of Committee Terms of Reference – actioned
- Ensure that Quality Committee is fully sighted on all quality targets (some are reviewed only at the functional Clinical Quality and Patient & Family Experience Group) – this has been addressed through the assurance mapping work and realignment of assurance committee business cycles
- Timing of IPC prohibits the receipt of written reports from IPC to the Board of Directors – Directors discussed this matter but agreed that the current arrangements will continue as the importance of IPC's role in scrutinising regulatory returns outweighs the benefit of a written update – the Board will continue to receive comprehensive reports directly on financial and operational performance, with an oral report from the Chair of IPC.
- Improve quality and effectiveness of Committee minutes – the Committee protocol (as agreed by the Audit Committee) has been recently recirculated as a reminder of the roles and responsibilities of the Committee Chair, Executive Lead and Committee Secretary who work in partnership to ensure the quality of the minutes. Two members of the EA team have attended an 'Effective Minute Taking' course provided by NHS Providers and have shared valuable feedback with the rest of the executive office team. The written training material has also been shared and will be used for induction and training of new staff.

6. Corporate Governance Statement Review – Action Plan

MIAA's review of the adequacy and sufficiency of evidence underpinning the 2015 Corporate Governance Statement (report received by Board of Directors in May 2015) identified many areas of good practice and some improvement opportunities.

Section 4 of MIAA's report set out a recommended action plan. The management response to each recommendation is tabled at Appendix 8.

The Board is asked to review and support the management response and action plan.

7. Recommendations

The Board of Directors is asked to :

- i) Approve the new Committee structure and Committee ToRs (Appendices 2-5)
- ii) Approve revised Terms of Reference for Operational Board (Appendix 6), delegating approval and oversight of the Operational Board Sub structure to the Operational Board.
- iii) Approve the revisions to the Terms of Reference of the Nominations and Remuneration Committee, as recommended by this Committee following review at its last meeting on 23rd June 2015.(Appendix 7)
- iv) Note the response to development requirements identified by the Board's review of Committee Effectiveness on 16.6.15 (Paragraph 5).
- v) Support the management response and action plan developed following MIAA's review of the evidence underpinning the 2015 Corporate Governance statement (Appendix 8).