

## Council of Governors (in Public)

### Item 6.1

**Subject:** Corporate Governance Statement 2021  
**Date of Meeting:** Tuesday 2<sup>nd</sup> March 2021  
**Prepared by:** Lucy Lavan, Director of Corporate Affairs  
**Presented by:** Lucy Lavan, Director of Corporate Affairs

#### 1. Executive Summary

Boards are required to ensure that they have in place effective systems to ensure compliance with the provider licence and to make an annual declaration in respect of the following licence provisions:

- i) Corporate Governance Statement
- ii) General Condition 6 – Systems for compliance with licence conditions
- iii) Continuity of Services Condition 7 – Availability of Resources
- iv) Certification on AHSCs and Governance, and
- v) Training of Governors

Whilst NHS Improvement no longer requires the Board of Directors to submit an annual declaration, the Trust may be selected for audit as part of a sampling exercise conducted by NHSI to check on its review process and compliance with good governance practice.

The Statements that the Board is recommended to certify are attached. In respect of each statement, the Board should respond '*confirmed*' or '*not confirmed*'. Any responses of '*not confirmed*' should include explanatory information which could be an indicator of possible breach of licence, warranting possible further investigation by NHSI.

It should be noted that the global pandemic has had a significant impact on the ability of Trusts to fully comply with the licence. The Board received papers in May 2020 and January 2021 outlining changes to decision making and governance processes.

**The Statements require the Board to have had regard to the views of governors in making the declarations. The Council of Governors (CoG) is asked to consider the statements and provide any views on these for consideration by the Board.**

The remainder of this report provides an overview of the assurances that the Board will review to inform the declaration process.

#### 2. Background

The Single Oversight Framework no longer makes reference to the Corporate Governance Statement required by the Provider Licence. Whilst NHSI no longer requires receipt of Board declarations in respect of the above licence conditions, it expects Boards to maintain effective governance and to be able to demonstrate that they have reviewed their systems for compliance with licence conditions and confirmed compliance, having considered any risks and mitigations.

Since 2017, NHSI has advised that individual Trusts could be selected for audit to demonstrate that their internal governance processes supporting licence compliance are robust.

Provision FT4 of NHS Foundation Trust Code of Governance relates to Licence General Condition 6 and reads:

*The Trust must have effective Board and committee structures, reporting lines and risk management systems; and processes that ensure compliance with CQC and other regulatory standards; and compliance with the duty to operate economically, efficiently and effectively.*

*The Board must submit an annual Corporate Governance Statement, which, if required by Monitor, is supported by a statement from the Trust's auditor.*

On this basis, the Board will reflect on the certifications it made in 2020 and determine whether or not these are extant.

### **3. Corporate Governance Statement**

The Corporate Governance Statement (Appendix 1) comprises 20 individual statements and through regular review of the Board Assurance Framework and compilation of the Board's business cycle and the work of the Board assurance Committees, the Board has identified and reviewed the evidence required to support these statements.

It is critical that the Board is satisfied with the controls and assurances in place to support the Corporate Governance Statement as the regulator could call into question the self-declaration process, in the event that there is a breach or potential risk of breach of the governance conditions within the provider licence.

In previous years, Mersey Internal Audit Agency has been asked to review the adequacy and sufficiency of evidence available to support each of the statements and to provide assurance to the Board on these. However this work has been suspended in light of the pandemic and the Board will take reasonable assurance from management and the general work of internal audit, Audit Committee and the Board Assurance Committees throughout the year that the controls upon which the organisation relies to manage these areas are suitably designed, consistently applied and effective.

Throughout 2020/21, the governance arrangements have been reviewed and adapted to support the Trust's response to the coronavirus pandemic and the Board received papers in May 2020 and January 2021 setting out new ways of working, processes to support agile decision making and reprioritisation of Board and Committee work to release capacity for crisis management. A number of re-set and recovery work streams were set in train in the summer of 2020 and a closing report brought to the Board in January 2021. It is in the context of the pandemic that the corporate governance statement has been reviewed and systems to support compliance maintained with adaptations necessitated by the pandemic.

### **4. General Condition 6 – Systems for compliance with licence conditions**

The Audit Committee has undertaken a detailed review of each of the provisions of the provider licence on an annual basis and has in place a system for quarterly review of a

checklist of key licence conditions, to ensure that any emerging risks to compliance with the licence are identified and mitigated at an early opportunity.

Throughout 2020/21 the Audit Committee has monitored the checklist. The Trust has consistently breached the RTT target and diagnostic targets due to COVID restrictions and reprioritisation of clinical work which has included the suspension of elective waiting lists. The interim financial regime has prevailed and the Trust's underlying financial position will need to be re-assessed in light of clearer detail on the financial regime for 2021/22 onwards. The Board has received regular updates and modelling of financial assumptions. National planning guidance has been deferred until the end of March and operational plans will be finalised after Quarter 1 of the new financial year.

## **5. Continuity of Services Condition 7 – Availability of Resources**

LHCH continues to be categorised as Segment 1 under NHSI's Single Oversight Framework.

The Board receives an annual going concern report as evidence to support compliance with this licence condition.

## **6. Certification on AHSCs and Governance**

The Trust has academic / research partnerships in the form of ICMS (Institute of Cardiovascular Medicine and Science) and LHP (Liverpool Health Partners), both are companies limited by guarantee. Neither of these partnerships fall within the definition of an AHSC (Academic Health Sciences Centre) or a major joint venture. LHCH became the host for LHP on 1<sup>st</sup> February 2020 and for the Innovations Agency from 1<sup>st</sup> April 2020.

The CLG for ICMS will be dissolved at the end of 2021/22 when Royal Brompton Hospital merges with Guy's and St Thomas' on 1.4.21.

## **7. Training of Governors**

The Health & Social Care Act s151(5) requires Boards to ensure that governors are equipped with the skills and knowledge they need to undertake their role, through the provision of necessary training.

During 2020/21, the Trust has:

- i) Provided a local (electronic) induction pack for every new governor on appointment at an initial induction meeting with Chair and Director of Corporate Affairs. All new governor induction meetings in 2020/21 were conducted via video call.
- ii) Provided an annual induction day for new governors and for existing governors who would like a refresher (externally facilitated) – this event was facilitated online via Zoom in 2020/21
- iii) Provided an annual Governor development day, part of which is dedicated to joint work with the Board - this event was facilitated online via Zoom in 2020/21.
- iv) Provided access to the NHS Providers' *Govern Well* Programme (all events online)
- v) Provided opportunity for governors to attend the NHS Providers Annual Conference which was held online in 2020.

- vi) Provided opportunity for governors to attend Virtual Governor Workshops organised by NHS Providers;
- vii) Provided presentations at CoG meetings to brief governors on aspects of services provided by the Trust as requested
- viii) Provided resources and supported Governors to deliver a programme of online member engagement events and newsletters. Engagement events were restricted and fewer than had been planned for 2020/21 due to the pandemic.
- ix) Published specific public and staff governor pre-election material for prospective governors clarifying the role and skills and time commitment required.
- x) Increased the frequency of Chair's Lunch meetings to ensure monthly contact and discussion with Chair throughout the pandemic whilst face to face meetings have been suspended.
- xi) Provided fortnightly written communications bulletins to Governors to update on the COVID status of the hospital, mutual aid, infection prevention measures and other key news.
- xii) Continued to run and support the Membership and Communication Sub Committee which offers governors opportunity shape and implement the Trust's membership strategy.
- xiii) Supported governor members of the NRC to review the Char and NED succession plan and the manage re-appointment of two NEDs in 2020/21.
- xiv) Updated the Governor skills audit.

## **8. Recommendation**

The Council of Governors is asked to review the paper and attached statements and to provide any views for consideration by the Board of Directors.

Should any exceptional issues arise from the Board's discussion or there is a notified change in regulatory requirements then these matters will be highlighted to governors at the next Council meeting in June 2021.