

## Council of Governors (in Public)

### Item 9.3

**Subject:** Corporate Governance Statement 2019  
**Date of Meeting:** 12<sup>th</sup> March 2019  
**Prepared by:** Lucy Lavan, Director of Corporate Affairs  
**Presented by:** Lucy Lavan, Director of Corporate Affairs

#### 1. Executive Summary

Up until 2016, the Board was required to submit annual declarations to Monitor (now NHS Improvement (NHSI)), in respect of:

- 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 in respect of these licence conditions, it is expected that Boards will ensure they have in place effective systems to ensure adherence to the licence, and 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.

**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 was published in September 2016 (updated November 2017) and makes no 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.

In 2017, NHSI advised that going forward, 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 2018 and determine that these are extant.

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

The former *Risk Assessment Framework* required NHS foundation trusts to submit a Corporate Governance Statement (Appendix 1). This comprised 20 individual statements and through regular review of the 2017/18 Board Assurance Framework and compilation of the Board's business cycle, 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 order to inform the Board's self-certification process, Mersey Internal Audit Agency will be 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. The review will seek to provide assurance that the controls are adequately designed and implemented; and that the Board can take reasonable assurance that the controls upon which the organisation relies to manage these areas are suitably designed, consistently applied and effective. This process will also be informed by MIAA's follow up work relating to the Well Led review (2017), and subsequent reviews of the Assurance Committees and Operational Board.

The Board will consider MIAA's report in Quarter 1 of 2019/20, on completion of this work.

### **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 since March 2014 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 2018/19 the Audit Committee has monitored the checklist. The Trust breached the RTT target in April 2018 and has consistently breached the diagnostic

waiting time target, due to increasing demand and insufficient radiological capacity – the Board has approved a business case that will see investment and increased capacity from Quarter 2 onwards 2019/20. The Trust is expected to deliver its financial plan in accordance with the control total requirement, subject to a national resolution to the funding dispute with NHS Wales.

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

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

The Trust is on target to deliver its 2018/19 Control Total, subject to its single biggest financial risk attributed to the contract dispute with NHS Wales in respect of funding of the new national tariff, HRG4+.

The Trust has also received and accepted its Control Total Offer for 2019/20.

Whilst delivery of the 2019/20 financial plan will be challenging, it is based upon robust planning assumptions and at the present time there is no material risk to future availability of resources.

## **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.

## **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 2018/19, the Trust has:

- i) Provided a local induction pack for every new governor on appointment at an initial induction meeting with Chairman and Director of Corporate Affairs
- ii) Provided an annual induction day for new governors and for existing governors who would like a refresher (externally facilitated)
- iii) Provided an annual Governor development day, part of which is dedicated to joint work with the Board
- iv) Provided access to the NHS Providers' *Govern Well* Programme
- v) Provided access to MIAA Learning Series workshops
- vi) Provided access to the NW Governors Forum
- vii) Provided opportunity for governors to attend the NHS Providers Annual Conference 'Governor Focus';
- viii) Provided presentations at CoG meetings to brief governors on aspects of services provided by the Trust as requested
- ix) Provided resources and supported Governors to deliver a programme of member engagement events and newsletters
- x) Reviewed the Glossary of Terms provided to Governors as an aid to help them decode key current NHS terms and jargon

- xi) Published specific public and staff governor pre-election material for prospective governors clarifying the role and skills and time commitment required
- xii) Provided opportunity for governors to participate in quarterly patient and family feedback events, and also to support the annual PLACE assessment process
- xiii) Provided opportunity for governor walkabouts with Chair
- xiv) Provided quarterly Chair's lunch meeting for informal discussion with Chair
- xv) Maintained governor interest groups on finance, quality and patient experience, enabling governors to discuss topics with executive and non-executive directors
- xvi) Worked with Governors to review the CoG infrastructure, evaluated ways of working and refreshed membership and terms of reference for the two Standing Committees - Nominations & Remuneration (NEDs) (NRC) and Membership & Communications
- xvii) Continued to run and support the Membership and Communication Sub Committee which offers governors opportunity shape and implement the Trust's membership strategy
- xviii) Supported governor members of the NRC to review the NED succession plan and manage re-appointments for two governors and appointment of two new governors
- xix) Facilitated a group of governors to meet with the Chair and Chief Information Officer to review the performance reports and dashboards that are presented to the Council of Governors
- xx) 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 as a result of MIAA's review, or there is a notified change in regulatory requirements then these matters will be highlighted to governors at the next Council meeting in June 2019.