

## Council of Governors

### Item 7.6

## council paper

**Subject:** Corporate Governance Statement and Board Declarations  
**Date of Meeting:** 1<sup>st</sup> March 2016  
**Prepared by:** Lucy Lavan, Associate Director of Corporate Affairs  
**Presented by:** Lucy Lavan, Associate Director of Corporate Affairs

### 1. Executive Summary

Final guidance is awaited but it is expected that the Board will be required to submit declarations to Monitor, as for 2015, 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

The Statements that the Board must certify are attached. In respect of each statement, the Board must respond '*confirmed*' or '*not confirmed*'. Any responses of '*not confirmed*' must include explanatory information and may prompt further investigation by Monitor.

The Statements require the Board to have had regard to the views of governors in making the declarations. It is expected that the declarations above will need to be submitted to Monitor during Quarter 1.

The Council of Governors (CoG) is asked to consider the required certifications and provide any views on these for consideration by the Board before final certification of the Corporate Governance Statement and supporting declarations.

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

### 2. Corporate Governance Statement

Monitor's *Risk Assessment Framework* requires NHS foundation trusts to submit a Corporate Governance Statement (Appendix 1). This comprises 20 individual statements and through regular review of the 2015/16 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 Monitor 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.

The Board will consider MIAA's report in Quarter 1, on completion of this work and prior to submission of the 2016 Corporate Governance Statement.

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

The Board undertook a detailed review of each of the provisions of the provider licence in March 2014 and implemented a system for quarterly review of a checklist of key licence conditions by the Audit Committee, to ensure that any emerging risks to compliance with the licence are identified and mitigated at an early opportunity.

Throughout 2015/16 the Audit Committee has monitored the checklist. The Trust met all Monitor governance targets and continuity of services targets with the exception of RTT for which there has been a breach in Q3, following a combined impact of loss of elective activity through the doctors' strike; increased acuity of patients and a higher volume of non-elective activity. The Trust has consistently met the 62 day cancer target following the application of a breach reallocation policy (avoiding penalty for late referrals from DGHs) but continues to work with partners to improve this pathway across the health system.

The Trust reported a FSRR of 2 in Q2 but is expecting to end the financial year with a FSRR rating of 3 and a governance rating of green.

The Trust has reported three serious incidents in 2015/16.

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

The 2016/17 planning cycle is underway and the Trust's draft financial plan will present a significant planned deficit as a result of the late withdrawal of HRG4+ and specialist top ups. The Trust continues dialogue with NHS England around a proposed local tariff arrangement for aortics. The Board of Directors will undertake a further review of the financial plan at the March 2015 Board meeting, prior to submission of the final annual plan to Monitor. The financial plan is likely to yield a FSRR of 2 throughout 2016/17 with risks in relation to liquidity for 2017/18 (when HRG4+ is assumed to be implemented). The Board has commissioned a strategic options appraisal to inform its long term view of clinical and financial sustainability.

### **5. 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.

## **6. 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 2015/16, the Trust has:

- i) Provided a local induction pack for every new governor on appointment at initial induction meeting with Chairman and Associate Director of Corporate Affairs
- ii) Provided an induction day for new governors and existing governors requesting 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 FTN's *Govern Well* Programme
- v) Provided access to the NW Governors Forum
- vi) Provided bespoke training to individuals / small groups as required –e.g. through interest groups and in readiness for CQC inspection
- vii) Provided a speaker at each CoG meeting to brief governors on aspects of services provided by the Trust
- viii) Provided resources and supported Governors to deliver a programme of member engagement events and newsletters
- ix) Developed presentation material for use by governors in promoting the public and staff membership and the role of the staff governor
- x) Provided opportunity for governor walkabouts with Chair
- xi) Provided quarterly Chair's lunch meeting for informal discussion with Chair
- xii) Established governor interest groups on finance, quality and patient experience, enabling governors to discuss topics with executive and non-executive directors
- xiii) Continued to run and support the Membership and Communication and Quality Sub Committees which offers governors opportunity to build their knowledge and contribute in these two areas e.g. shape and implement membership strategy or contribute to the Trust's quality agenda and focus of priorities.
- xiv) Updated the Governor skills audit
- xv) Published specific public and staff governor pre-election material for prospective governors clarifying the role and skills and time commitment required
- xvi) Provided access to MIAA Learning Series workshops
- xvii) Established a time limited Governance working group in order to review the composition of the Council of Governors; to articulate the CoG objectives for 2016; and to review the information provided by Governors to support governors in their duty of holding the Board to account.

## **7. Recommendations**

The Council of Governors is asked to consider the paper and attached statements and provide any views for consideration by the Board when it comes to sign off the 2016 Corporate Governance Statement and other declarations.

Should any exceptional issues arise from the Board's discussion or as a result of MIAA's review, then these matters will be highlighted to governors at the next Council meeting in June 2016.