

Board of Directors Meeting

Report

Subject: Governance Framework

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Author: KERRY ROGERS, DIRECTOR OF CORPORATE SERVICES/COMPANY SECRETARY

Lead Director: KERRY ROGERS

BACKGROUND

A Board's proposed governance framework was presented to the Board of Directors at its December 2013 meeting and articulated simply all of the key systems and structures to govern the relationship between the Board of Directors and the Executives holding functional responsibilities for operational delivery. The devolution of responsibilities to the Divisions had been the subject of Board debate back in early 2013.

Having approved the 'future state' at that Board meeting, it was necessary to implement changes to the governance framework, which involved:

- Amending governing frameworks defining decision rights and escalation paths
- Detailed design of the corporate governance operating model and its components
- Developing a matrix defining Trust accountabilities across the executives
- Mapped governance requirements to organisational functions and business requirements

Amending governing frameworks defining decision rights and escalation paths

A robust review of the Trust's **Constitution, Standing Orders and Scheme of Delegation** was undertaken culminating in significant revisions to these governing documents to help enable the execution of governance responsibilities at all levels and to ensure compliance with statute. The full suite of governing documents, including changes to the **SFIs** to be presented by the CFO at November Board, and the subsequent revision to the Board standing committees make clear reporting lines and linkages, risks, and other matters to come to the attention of the Board or its committees for review or approval. This promotes an understanding of roles and responsibilities, limits of authority, and means of escalation at a corporate governance level.

Detailed design of corporate governance operating model and its components

The Board of Director's **Committee** structure was critically evaluated and a new structure implemented in April 2014 following approval by the Board, diverging and developing the work of the Board Committees away from operational matters towards matters of strategy, corporate governance and assurance alongside oversight of the management of quality, performance and risk. The restructure also incorporated the recommendations of the PWC governance review implementation of which was mandated in order that the Trust complied with its explicitly stated Discretionary Requirements. The Company Secretary developed Terms of Reference for the Standing Committees of the Board which were subsequently approved along with annual workplans. The Board and its committees are clear on what they need to oversee, and management and its

committees have clarity regarding regulatory and governance considerations to address—as well as risks to performance and quality to manage.

In parallel with the changes to the Board's Committee structure, enhancements were developed concerning the operational governance infrastructure to safeguard the **management of** quality, performance and risk, and change commenced early in 2014 with the introduction of a new Trust Management Board. The Company Secretary developed Terms of Reference and a cycle of business for the Trust Management Board to be executed by a proposed TMB Committee structure which was approved by the Executive Team and TMB. The approved Executive Chairs and Leads of each TMB Committee were required to develop Terms of Reference, Workplans and Sub Committee structures such that clinical and operational governance matters were appropriately overseen across the entire cycle of business. Sub structures and Terms of Reference for each TMB Committee were subsequently approved, and with regard to clinical governance, the CG&Q Committee continued to adopt the sub structures that had previously supported the Clinical Management Team, pending completion of a sub committee review which had been initiated and was at the time being undertaken for CMT by Sally Seeley and subsequently the Head of Governance within the GSU.

Developing a matrix defining key accountabilities across the executive

The accountabilities of the Executive Team were evaluated and it became clear there was an absence of clarity. It was accepted it was very important for the team and all stakeholders to understand the responsibilities and accountabilities of each executive given the complexities as an acute provider and the cross-department and inter-organisational collaborations, so a more formal process to track responsibilities and priorities was developed. The accountability matrix was initiated in order to ensure all functional accountabilities had a single executive lead assigned for the strategic direction, leadership and performance management of each functional area of the Trust and work was undertaken to ensure that knowledge and understanding across the Team and across the accountabilities outlined, was held by each executive lead, alongside an understanding of prioritisation perspectives. On completion of the matrix and prioritisations, each executive was accountable for ensuring they had capacity and capability individually and amongst their teams in order to deliver across individual spheres and to pick up any gaps with the Chief Executive. Executives produced team structures to ensure clarity across the executive team and to facilitate individual assessments of team capacity.

Corporate and Clinical governance frameworks

The basics of governance within healthcare system are that boundaries between corporate and clinical governance, are well understood to be effective. The Improvement Director has been working with the Executive Director of Nursing through recognition that one aspect of improved performance is clarification of the roles and responsibilities in the operational and clinical governance arms of the Trust.

For the purposes of the Trust's governance framework, driven by the work initiated by the Improvement Director, it is important and timely to clarify the linkages and boundaries between corporate and clinical governance, and to go on to make transparent the high level Accountability Framework on which the Improvement Director has been working with the Company Secretary.

Corporate governance is a multifaceted set of processes, policies, regulations, laws, organisational structures, people, and customs. These should all work in concert to assure the quality, accountability and effective management of the Trust as a whole. The highest level of corporate governance in a Foundation Trust (with the exception of the CoG) is the Board of Directors which should ensure that:

- results are delivered, and

- resources are prudently managed.

The Board discharges these responsibilities in the same way as any corporate board does through activities such as:

- appointment and evaluation of the CEO;
- engagement with the CEO and senior management in setting the strategy of the organisation;
- identification and management of any real or perceived conflicts of interest among directors and/or officers;
- assessment of the contributions of each individual board member as well as the collective performance of the board;
- ensuring that new board members are thoroughly oriented to the organisation and the operations of the board;
- underscoring that the interests of the stakeholders are paramount
- Risk management components (BAF)
- NED independence and governance structures that support effective decision making

Much more can be written about corporate governance in general. However, two key practical elements in the context of this paper deserve special mention:

1. **Accountability** – well functioning boards define clear lines of accountability for the CEO and his team (e.g. operational matters) and reserve certain accountabilities squarely for the board per se (e.g. audit). Accountability involves formal delegation of responsibility and intermittent review of such delegations.
2. **Transparency** – effective boards operate openly and transparently. This is especially important where the public places the trusteeship for its health care in such an entity as a Foundation Trust.

The name **clinical governance** emerged in the United Kingdom where the National Health Service defined clinical governance as *a framework through which organizations are accountable for continually improving the quality of services and safe guarding the high standards of patient care by creating an environment in which excellence in clinical care will prevail.*

The basic elements of clinical governance/quality-safety include:

- emphasis on education and training for professionals;
- clinical audit systems – cyclic review of clinical performance against measurable standards with changes in clinical practice upon such review;
- assessment of clinical effectiveness – whether a particular action works and whether it represents value for expenditure etc.;
- research and development – to generate evidence to inform decisions about policy and implementation changes;
- openness – to enable frank discussions about safety and quality matters while respecting confidentiality of patients and providers;
- committees and processes to ensure that these elements occur;
- risk management components (CRR, dept risk registers)

Linkages and Boundaries between Corporate and Clinical Governance

Corporate and clinical governance can each have intrinsic problems. However, **the linkages** between corporate and clinical governance should be clear. Under delegation from the board, the management team should implement the clinical governance systems and processes around patient

safety and quality. A key aspect of that work is to report to the board (and therefore the wider stakeholders and the public) that:

- delivery of high quality clinical services is happening and that it is measurable and effective;
- patients are being consistently cared for in a safe and dignified manner; and that
- the mechanisms to constantly improve upon prior outcomes are in place.

With regard to clinical governance, the role of the board includes responsibility to:

- endorse policies and clarify expectations regarding the desired outcomes for the CEO and management team with respect to patient safety and quality;
- receive, review and react to regular reports on clinical performance from the CEO and management team.
- expect that such reports should be sufficiently detailed so that the board can assure itself that the Trust is performing in accord with formally recorded expectations but not be so exhaustive that potential problem areas are lost or disguised in the detail;
- be assured that appropriate remediation steps are activated for problematic areas.

The **boundaries** between corporate and clinical governance should also be clear. First, it is important to recognise that corporate governance covers many matters not touched upon in any detail by clinical governance (governing documents; legal compliance etc.). Second, it is the clinical governance arm which deals with implementing the detailed processes and structures needed to deliver quality healthcare, not the board.

In terms of both accountabilities and transparency, the two key areas of governance mentioned earlier, the Improvement Director has been working with the Executive Director of Nursing in order to clearly articulate the linkages between the TMB Committees and their sub-committee structures, predominantly those supporting clinical governance through the CG&Q Committee through which a substantial share of improvement activity will be monitored as driven by the Keogh/CQC inspections. The refreshed Sub Committee structure presented to November Board by the Executive Director of Nursing echoes the modifications this work has produced reflecting also on the changes that have been seen in past months, in particular incorporating the findings of the Chief Inspector of Hospitals regime and the “special measures” process. It also reflects our learning from our first year as a ‘new’ Board.

The Executive Director of Nursing will present the visual depiction of the linkages between TMB Committees and their supporting substructures such that clarity is provided regarding clinical and operational governance across the Trust, and how that fits within the wider corporate governance structures approved by the Board of Directors in December 2013.

Mapped governance requirements to organisational functions and business requirements

The Improvement Director has also been working with the Company Secretary on the accountability framework. The accountability framework sits alongside our corporate governance framework and covers the Trust’s approach to measuring and overseeing performance and quality; to escalation and intervention; to the provision of support for improvement; and to the way we move the Trust towards a sustainable future in support of the corporate, operational and clinical governance structures. While some of the detail has changed in terms of the sub-committee structures, the Board Standing Committee Structure remains as agreed by the Board of Directors at the December 2013 Board meeting and the core principles underpinning improvements to the accountability framework are consistent.

The Framework aims to be holistic and integrated, setting out in one place of all our key accountabilities and supporting a single conversation between the Board and the wider organisation.

Secondly, our approach is closely aligned with that of our partners, particularly regulators and commissioners in terms of capturing Better Together priorities for instance.

Thirdly, our clear focus on quality is stitched throughout the governance structures. It sits at the heart of our oversight and approvals models and it is central to our development work.

Improving quality at the same time as maintaining financial control represents a more difficult equation than ever for the Trust given its ambitious long term financial plans predicated on the success of system wide strategies and successful hard hitting efficiency drives, but it is an equation we must continue to solve.

A well-designed organization ensures that the form of the organization matches its purpose or strategy, meets the challenges posed by business realities and significantly increases the likelihood that the collective efforts of people will be successful

Focussing on developing and supporting our Board and our staff remains a key priority for the Trust. The challenge of moving towards sustainability is not about quick fixes, but rather a long term process of improvement, based on a deep understanding of organisational needs. So we want more than ever to focus on support and development and on improving culture, leadership and governance and the combination of successes emanating from the Quality Improvement Plan and the transformation agenda should deliver collectively on those ambitions.

Action Required by Board of Directors:

1. To identify any additional clarifications with regard to the high level Accountability Matrix and committee linkages
2. Board Committee Chairs to agree responsibility for ensuring the appropriate oversight through Committee workplans