Trust Board meeting: Wednesday 8 May 2013
TB2013.69

<table>
<thead>
<tr>
<th>Title</th>
<th>Board and Sub-Committee Effectiveness Review</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>Status</th>
<th>A paper for discussion and decision</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>History</th>
<th>Previous related papers were presented to the Board In April (TBC2012.24), May (TBC2012.44), June (TBC2012.46b) and September (TBC2012.93).</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>Board Lead(s)</th>
<th>Sir Jonathan Michael, Chief Executive</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>Key purpose</th>
<th>Strategy</th>
<th>Assurance</th>
<th>Policy</th>
<th>Performance</th>
</tr>
</thead>
</table>
## Summary

1. As part of the Foundation Trust application process the Trust has been subject to external review. This report fulfils the actions identified in the HDD and BGAM reports and provides a summary of the results from review of the following:
   - Board subcommittee effectiveness
   - Monitor Code of Governance
   - Intelligent Board Good Practice Guidance

2. The Board are asked to review the results and discuss the recommendations proposed primarily focused on the proposed amendments to the committee timetable.
Board Committee Effectiveness Review

Introduction

1. Effective Board meetings and sub-committees of the Board are a key part of an effective governance structure and as the Trust progresses its Foundation Trust application and it is important to ensure that the Trust's organisational governance is compliant with best practice.

2. The purpose of the paper is to present the findings of the review against the Monitor Code of Governance, Intelligent Board Good Practice Guidance, Board subcommittee effectiveness, and make recommendations for Board approval.

Basis for the review process

3. The Trust has undertaken a review of the Trust Board and its sub-committees, using the Monitor Code of Governance and Intelligent Board as best practice guides and using the following principles:
   - the need for sub-committees to strengthen the governance arrangements of the Trust and support the Board in the achievement of the Trust's strategic objectives;
   - the requirement for a committee structure that strengthens the role of the Board in strategic decision making and supports the role of non-executive directors in challenging executive management actions;
   - maximising the value of the input from non-executive directors, given their limited time commitment;
   - supporting the Board in fulfilling its role, given the nature and magnitude of the Trust’s agenda.

4. The current governance for the Trust is provided through a properly constituted Board established in accordance with the Trust's establishment orders. The Trust Board has the following approved sub-committees:
   - Audit Sub-Committee
   - Quality Sub-Committee
   - Finance & Performance Sub-Committee
   - Remuneration & Appointments Sub-Committee

5. Based on the principles described in paragraph 3, the current arrangements were reviewed against two distinct components:
   - Appraisal of the effectiveness of committees: this involved self-assessment against terms of reference and cycle of business

Methodology

6. The principles set out in the Intelligent Board guidance together with the HFMA Audit Committee Handbook guidance were used as the basis of the review of effectiveness of the sub-committees. A set of interview questions were devised and used with members of the sub-committees to ensure their views were obtained.

7. A desk top review of the cycle of business and Terms of Reference of each committee was undertaken by the Head of Assurance.
Key Findings

8. The key findings have been collated into general themes. Further information in relation to the detailed findings from the Monitor Code of Governance review and the Intelligent Board review are included in Appendix 1 to this report. The detailed findings will also be presented to each of the committees, following the presentation of this paper.

Remit of the Committees

- The Terms of Reference (ToR) from each committee were clear and largely formed the basis for the business of the committees. This was supported by interviewees.
- The cycle of business for each committee generally complied with the ToR with some minor exceptions.
- The agendas of the committees generally reflected the cycle of business and the ToR. In many cases they went further than the items reflected in the cycle of business and assisted in the demonstration of the delivery of the ToR.
- Both the Quality Committee, and Finance and Performance Committee members felt that there was some confusion between assurance and operational management remit of both committees.

Scheduling of Meetings

- The scheduling of committee meetings did not always allow the committee to receive up to date information.
- The current sequencing of meetings does not enable the committees to effectively support the Board in gaining assurance, or on obtaining the most up to date information.
- The number of the meetings was generally considered reasonable but having multiple meetings scheduled on the same day was highlighted as a difficulty.
- The ability to run effective Board seminars is compromised due to the size of the formal Board agendas and the fact that they are scheduled on the same day as the Board meetings.

Reporting from the sub-committee to the Board

- The reporting from each sub-committee up to the Board was timely (usually within a month of the meeting, where possible). The introduction of the Chairman’s Report was considered a positive step forward.

Content of papers / Information provided

- There were a number of similarities in the information presented at Board and to specific sub-committees. This was partly due to meetings being held on the same day, or very close to each other. This level of overlap in timing of meetings and information provided to those meetings could lead to a potential lack of discussion at the later committee meeting (as members could assume that it has already been reviewed and discussed in detail). This was a common theme from interviewees and was highlighted as part of the Intelligent Board review.

Attendance / Administration

- All meetings were quorate for the year and attendance was met, with a couple of minor exceptions, included in the detailed reports to each sub-committee.
• The key action from the Monitor Code of Governance review was that the ToR for sub-committees should be made available on the Trust website.

Proposed Changes from the results of the review

9. The collation of the initial findings prompted a series of meetings in relation to the scheduling of meetings between the Chief Executive, Chairman, Executive Directors and Non-Executive Directors. The following proposed changes are suggested for discussion.

Scheduling of Meetings

Trust Board

• It is proposed that the Trust Board consider the following options, currently being checked with the Shelford Group:

  o **To meet on alternate months:** The meeting of the 6th June, to approve the final accounts, would continue as planned. The benefits of this option are that it reduces the impact of the number of meetings to be attended in a month, and it reduces the duplication of reports and the bureaucratic burden. This proposal allows for better flow of information from sub-committees and the Board, whilst maintaining monthly scrutiny of the Trust’s operational, quality and financial performance. The downside is that matters needing formal Board approval might be delayed.

  o **To meet ten times per annum:** The benefit of this option is that it allows the Board to meet more regularly but accommodates peak holiday periods. This option creates additional workload and resource requirements in supporting those meetings. This option continues the current duplication of reports and the problems associated with seeing the same data at multiple meetings.

  o **To meet monthly:** The benefit of this option is that it allows the Board to meet more regularly. This option does not accommodate peak holiday periods and it creates additional workload and resource requirements in supporting meetings. This option continues the current duplication of reports and the problems associated with seeing the same data at multiple meetings.

• It is proposed that meetings in the remainder of 2013 will continue to take place on the second Wednesday of the month. The timing of Board meetings for 2014 will be the subject of further consultation with Board members.

• The need for an additional Board meeting to be held at the end of June 2013 in order to sign off the submission to the Trust Development Authority as part of the foundation trust application process has been highlighted. If this is not achievable the Board are asked to delegate authority for sign off of the Integrated Business Plan, after consultation, to the Chief Executive and Chairman.

Sub-Committees

• It is proposed that the Audit Committee meet four times per annum, with an additional single item meeting to be held in June to sign off the final accounts. The meetings currently scheduled for 11th September and 13th November 2013,
will need to be rearranged, and a forward schedule of meetings for 2014 will be agreed with the Chairman of the Audit Committee.

- It is proposed that Quality Committee will continue to run as planned, with six times per annum on those months alternate to the Board.

- It is proposed that the Finance & Performance Committee meet six times per annum on those months alternate to the Board. As a consequence an additional meeting of the committee would be convened on 9am 12th June 2013. This has been discussed with the chair of the committee.

- The Remuneration and Appointments Committee will continue to run as planned, with a minimum of two meetings per annum.

Seminars and away-day sessions

- It is proposed that Board seminars are held monthly on the fourth Wednesday of each month. Consideration will need to be given to the months of August and December. None of these sessions are currently diarised and have a time impact for all attendees. The Head of Corporate Governance will liaise with the Chief Executive and Chairman to arrange dates.

- It is proposed that Board away-day sessions are held three times per annum, over a 1-2 day period (dates to be decided). The Head of Corporate Governance to liaise with the Chief Executive and Chairman to agree dates.

- It is proposed that each Board seminar would be structured as follows, to include one or more of the proposed items:

<table>
<thead>
<tr>
<th>Time</th>
<th>Proposed Items</th>
</tr>
</thead>
<tbody>
<tr>
<td>9.30 am – 12.30pm</td>
<td>Strategy</td>
</tr>
<tr>
<td></td>
<td>Board Development Programme</td>
</tr>
<tr>
<td></td>
<td>FT Preparation</td>
</tr>
<tr>
<td>12.30pm – 1.30pm</td>
<td>Lunch</td>
</tr>
<tr>
<td>1.30pm – 3.00pm</td>
<td>Divisional Engagement / Involvement</td>
</tr>
<tr>
<td>3.00 pm – 4.30 pm</td>
<td>Executive / Non Executive Meetings</td>
</tr>
</tbody>
</table>

- The Board seminar programme has been developed using the Board Development Programme, approved by the Board in March 2013 as a platform. Once dates have been agreed the programme will be further developed using new guidance as available for example the new version of the Intelligent Board and Trust Development Authority Accountability Framework.

- A programme for divisional engagement sessions to be held in the afternoon has already been drawn up and divisions will be informed once dates are agreed.

Content of papers / Information provided

- It is proposed that the Terms of Reference (ToR) of the sub-committees be made available on the Trust website in line with the Monitor Code of Governance guidance.

- The Monitor Code of Governance suggests that the Board of Directors should include in its annual report a description of each director’s skills, expertise and experience.
It is proposed that the reports that are regularly taken to the Board should be reviewed to rationalise the level of duplication of information currently presented, in line with the Intelligent Board guidance.

Recommendations

10. The Board is asked to:

10.1. Discuss and review outline proposal for amendments to the timing of the Board, sub-committees, seminars and away-day sessions as follows:

- To discuss the options presented and agree the preferred option. If necessary approving the removal of the Board meeting on 12th June 2013 and agreeing the addition of a special Board meeting at the end of June 2013 to approve the Integrated Business Plan, or if this is not achievable that the Chief Executive and Chairman have delegated authority for its approval.

- Finance and Performance Committee to meet six times per annum and that an additional meeting is scheduled for 12th June 2013.

- Audit Committee to meet four times per annum, plus an additional meeting for final accounts approval. The chair to liaise with the Head of Corporate Governance to arrange dates.

- Board seminars to be held monthly, on the fourth Wednesday of the month. The Chief Executive and Chair to liaise with the Head of Corporate Governance to arrange dates.

- Board away-day sessions to be held three times per annum. The Chief Executive and Chair to liaise with the Head of Corporate Governance to arrange dates.

10.2. Approve that ToR for sub-committees be made available on the Trust website and that a further review of the Code of Governance is undertaken once FT status is granted.

10.3. Consider if the next annual report should include a description of each director’s skills, expertise and experience.

10.4. Approve that a programme of work led by the Head of Corporate Governance, involving relevant Executive Directors, is undertaken to review the content of the regular reports provided to the Board with a view to reduce the amount of duplication.

Clare Winch Deputy Director of Assurance
Eileen Walsh, Director of Assurance
May 2013
Monitor Code of Governance

Introduction

1. The purpose of the code is to assist foundation trust boards in improving their governance practices. The code sets out a common overarching framework for the corporate governance of foundation trusts and complements the statutory and regulatory obligations on them.

2. The code is best practice advice. It is not mandatory guidance: non-compliance with the provisions of the code would not give rise to a breach of the terms of authorisation of a foundation trust. Foundation trusts are required to make a statement that it complies with the provisions of the code or – where it does not – to provide an explanation.

Detailed Summary Results – Code of Governance

3. The assessment was undertaken against the main principles of the code and used the individual code provisions, 85 in total, to add further detail.

4. A total of 43 were assessed as currently not applicable to the Trust. These related to the Board of Governors, communication with members and the appointment and remuneration of non-executive directors. Of the remaining 42 provisions 38 were assessed as compliant and the remaining 4 were identified as partially compliant.

5. Three of those deemed partially compliant are included in table 1 for consideration for further action as part of the Trust preparation to become an FT.

<table>
<thead>
<tr>
<th>Code Ref</th>
<th>Assessment Result</th>
<th>Proposed Action</th>
</tr>
</thead>
<tbody>
<tr>
<td>A.3.4</td>
<td>The Board of Directors should include in its annual report a description of each director’s skills, expertise and experience.</td>
<td>To be considered for inclusion in next annual report.</td>
</tr>
<tr>
<td>E.2.1</td>
<td>The remuneration committee should make available its terms of reference.</td>
<td>Consider making the ToR of the Committees available on the website.</td>
</tr>
<tr>
<td>F.3.3</td>
<td>The ToR of the Audit Committee should be made publically available.</td>
<td></td>
</tr>
</tbody>
</table>

Table 1: Provisions for actions to be considered

6. The remaining provision (Code Ref A.2.2) relates to the tenure of the Chairman. The Chairman has served as a Non-executive Director and Chairman since 2002 that has provided a range of long term benefits. The Trust Development Authority approved the renewal of the Chairman in March 2013.
Intelligent Board

Introduction

1. NHS organisations have an increased need for good-quality, timely information — to set strategic direction, to oversee progress towards strategic goals and to monitor operational performance.

2. Every member of the board needs sufficient information at a high enough level to be confident that the organisation is well run, but not so much information that it becomes difficult to tell what is important.

3. All the reports are based on these Intelligent Board principles which focus on:
   - The Strategic information for the board
   - The information about operational performance and:
     - Highlight that all information should:
       - Be clearly and simply presented, including graphic overviews as well as brief commentary.
       - Be updated in a timely manner.
       - Direct the board’s attention to significant risks, issues and exceptions.
       - Provide a level of detail appropriate to the board’s role

Assessment Undertaken

4. A detailed assessment was undertaken by the Head of Assurance, with the assistance of the Executive Directors using the above principles. The guidance also provided the following tools which were used to inform the assessment:
   - Exemplar cycle of business.
   - Suggested minimum dataset for information to be presented to the Board.

Summary Results – Intelligent Board

5. The general principles of this guidance can be seen in operation through the Board and its sub-committees. Key points have been summarised as follows:
   - There is an approved set of strategic objectives for the Trust and these are discussed, progress is measured and reported to the Board. Board papers can be tracked back to these strategic objectives.
   - Information in relation to trends over time and a greater degree of focus on exception reporting has been seen during the course of the year. However some of the information provided could be considered too high level and may not provide the Board with the opportunity to consider individual service outliers or risks that might be masked by an aggregated result.
   - The highlighting of exceptions is generally undertaken as part of the narrative to the reports. From interviews with Board members the Board’s ability to focus on the exceptions could be improved by the review of the presentation of reports.
   - There was only a limited amount of information to enable comparisons with the performance of similar organisations.
   - The overall timeliness of information provided to the Board needs to be considered.
6. The exemplar cycle of business is largely replicated by the Board’s current cycle of business and allows the Board to consider both strategic and operational aspects of the business in a structured manner. However, the following suggestions were included in the guidance and may need some consideration:

- The Strategy element has an outward facing focus to encourage the Board to consider issues arising from the monitoring of markets and business developments.

- The performance information element suggests that there should be opportunities for the Board to consider more in-depth reports covering each executive directors remit in a more structured and programmed approach.

While both of these were seen in operation during the course of the year but were not all scheduled into the cycle of business in advance and were added to the agenda on an ad hoc basis.

7. In terms of the minimum dataset suggested as part of the guidance, the majority of the data set suggested is provided to the Board. However, a detailed review of board papers highlighted a high level of duplication of information across the Quality, Performance, Finance, Workforce and Self Certification reports. It also showed some areas that did not appear to have been reported to the Board.