

SHEFFIELD TEACHING HOSPITALS NHS FOUNDATION TRUST

EXECUTIVE SUMMARY

REPORT TO THE BOARD OF DIRECTORS

21 JANUARY 2014

Subject	Board Statements Quarterly Assurance Report
Supporting TEG Member	Neil Riley, Assistant Chief Executive
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Status¹	N

PURPOSE OF THE REPORT

To update the assurances and risks reported to the Board of Directors in June to support submission of the 2014/15 Board Statements to Monitor.

KEY POINTS

- Under Monitor's *Risk Assessment Framework* the Trust is required to annually submit ten Board Statements. [This replaces the previous Board Statements required under the annual planning regime].
- Monitor regards the monitoring of compliance against board statements as a key element of its governance regime. Where there are grounds to question the basis of the board statements, Monitor may seek further evidence with the potential to escalate regulatory action.
- At its meeting on 18 June 2014, the Board of Directors approved submission of the 2014/15 Board Statements to Monitor confirming compliance. Two risks to ongoing compliance with against Statement 8 and Statement 9 of the Corporate Governance Statement were declared. Both risks were separately reported in the Annual Governance Statement in the 2014/15 Annual Report and Accounts.
- Following previous practice the Assistant Chief Executive agreed to provide quarterly updates in order to assure the Board of Directors that the Trust was compliant with its declared position and on track against its commitments to address non-compliance.
- Updates from the last report to the Board in September 2014 are shown in bold.

IMPLICATIONS

AIM OF THE STHFT CORPORATE STRATEGY 2012-2017		TICK AS APPROPRIATE
1	Deliver the Best Clinical Outcomes	X
2	Provide Patient Centred Services	X
3	Employ Caring and Cared for Staff	X
4	Spend Public Money Wisely	X
5	Deliver Excellent Research, Education & Innovation	X

RECOMMENDATIONS

The Board of Directors is asked to **NOTE** the update to assurances and risks to ensure ongoing compliance with the 2014/15 Board Statements submitted to Monitor, as outlined in Appendix 1.

2014/15 BOARD STATEMENTS – ASSURANCE AND RISK UPDATE

BOARD STATEMENT	ASSURANCES / RISKS DECLARED AT SUBMISSION JUNE 2014	UPDATE @ JANUARY 2015
License General Condition 6 – Systems for compliance with license conditions (see Appendix 2)		
1. Following a review for the purpose of paragraph 2(b) of licence condition G6, the Directors of the Licensee are satisfied, as the case may be that, in the Financial Year most recently ended, the Licensee took all such precautions as were necessary in order to comply with the conditions of the licence, any requirements imposed on it under the NHS Acts and have had regard to the NHS Constitution.	<ul style="list-style-type: none"> • Robust governance infrastructure /arrangements • Annual and quarterly assurance reports on Board Statements updated to reflect changed compliance requirements • Annual Governance Statement 	Existing arrangements continue and are working well.
2. The board declares that the Licensee continues to meet the criteria for holding a licence.	<ul style="list-style-type: none"> • Robust governance infrastructure /arrangements • Annual and quarterly assurance reports on Board Statements updated to reflect changed compliance requirements 	Existing arrangements continue and are working well.
License Continuity of Services Condition 7 – Availability of Resources (See Appendix 3)		
3. After making enquiries the Directors of the Licensee have a reasonable expectation that the Licensee will have the Required Resources available to it after taking account distributions which might reasonably be expected to be declared or paid for the period of 12 months referred to in this certificate. (see Section 3a of License Condition)	<ul style="list-style-type: none"> • Audit Committee • Finance, Performance and Workforce Committee • Going Concern assessment process led by Director of Finance • External Audit 	Existing arrangements continue and are working well. <ul style="list-style-type: none"> • Going Concern paper assessing against revised 2015/16 ARM definitions considered by Audit Committee on 13.01.15 and submitted for Board of Directors consideration.
Corporate Governance Statement (see Appendix 4)		
4. The Board is satisfied that the Trust applies those principles, systems and standards of good corporate governance which reasonably would be regarded as appropriate for a supplier of health care services to the NHS.	<ul style="list-style-type: none"> • Robust governance infrastructure/arrangements • Quarterly assurance report on Board Statements • <i>Making a difference</i> based on the NHS Constitution • Internal Audit 	<ul style="list-style-type: none"> • Annual audit of Trust Constitution completed. • Trust Constitution reviewed and updated and approved by Council of Governors and Board of Directors (September 2014)
Risks and mitigating action: None		

BOARD STATEMENT	ASSURANCES / RISKS DECLARED AT SUBMISSION JUNE 2014	UPDATE @ JANUARY 2015
<p>5. The Board has regard to such guidance on good corporate governance as may be issued by Monitor from time to time.</p>	<ul style="list-style-type: none"> • Robust governance infrastructure/arrangements <p><u>Risks and mitigating action:</u> None</p>	<ul style="list-style-type: none"> • Internal Audit of Trust position of relevant guidance completed and an action plan identified
<p>6. The Board is satisfied that the Trust implements:</p> <p>(a) Effective board and committee structures;</p> <p>(b) Clear responsibilities for its Board, for committees reporting to the Board and for staff reporting to the Board and those committees; and</p> <p>(c) Clear reporting lines and accountabilities throughout its organisation.</p>	<ul style="list-style-type: none"> • Healthcare Governance Committee • Finance, Performance and Workforce Committee • Audit Committee • Management Arrangements <p><u>Risks and mitigating action:</u> None</p>	<ul style="list-style-type: none"> • Board development piece of work identified for 2015
<p>7. The Board is satisfied that the Trust effectively implements systems and/or processes:</p> <p>(a) To ensure compliance with the Licensee's duty to operate efficiently, economically and effectively;</p> <p>(b) For timely and effective scrutiny and oversight by the Board of the Licensee's operations;</p> <p>(c) To ensure compliance with health care standards binding on the Licensee including but not restricted to standards specified by the Secretary of State, the Care Quality Commission, the NHS Commissioning Board and statutory regulators of health care professions;</p> <p>(d) For effective financial decision-making, management and control (including but not restricted to appropriate systems and/or processes to ensure the Licensee's ability to continue as a going concern);</p> <p>(e) To obtain and disseminate accurate, comprehensive, timely and up to date information for Board and Committee decision-making;</p> <p>(f) To identify and manage (including but not restricted to manage through forward plans) material risks to compliance with the Conditions of its Licence;</p> <p>(g) To generate and monitor delivery of business plans (including any changes to such plans) and to receive internal and where appropriate external assurance on such plans and their delivery; and</p> <p>(h) To ensure compliance with all applicable legal requirements.</p>	<ul style="list-style-type: none"> • Finance, Performance and Workforce Committee • Audit Committee • Healthcare Governance Committee • Going Concern assessment process led by Director of Finance • Current and future Integrated Performance Report • Business Planning process and BPT • Trust Constitution • Annual Plan and Annual Report process • Internal and External Audit • Assurance Framework and Top Risk Report <p><u>Risks and mitigating action:</u> None</p>	<p>Existing arrangements continue and are working well.</p>

BOARD STATEMENT	ASSURANCES / RISKS DECLARED AT SUBMISSION JUNE 2014	UPDATE @ JANUARY 2015
<p>8. The Board is satisfied that the systems and/or processes referred to in paragraph 5 should include but not be restricted to systems and/or processes to ensure:</p> <p>(a) That there is sufficient capability at Board level to provide effective organisational leadership on the quality of care provided;</p> <p>(b) That the Board's planning and decision-making processes take timely and appropriate account of quality of care considerations;</p> <p>(c) The collection of accurate, comprehensive, timely and up to date information on quality of care;</p> <p>(d) That the Board receives and takes into account accurate, comprehensive, timely and up to date information on quality of care;</p> <p>(e) That the Trust, including its Board, actively engages on quality of care with patients, staff and other relevant stakeholders and takes into account as appropriate views and information from these sources; and</p> <p>(f) That there is clear accountability for quality of care throughout the Trust including but not restricted to systems and/or processes for escalating and resolving quality issues including escalating them to the Board where appropriate.</p>	<ul style="list-style-type: none"> • Healthcare Governance Committee workplan • <i>Making a difference</i> • Quality Report • Safety Thermometer • Established and substantive Medical Director and Chief Nurse in post • Unconditional registration with CQC, and track record of CQC visits with no concerns raised. The Trust currently holds the highest (least risk) rating with the CQC. • Internal Quality Governance Inspections • SUI Group • Internal and External Audit • Positive external agency visits, inspections and accreditation • Patient Engagement Committee • Right First Time • Raising Concerns process <p><u>Risks and mitigating action:</u> The scale and complexity of the Board agenda is becoming evidently more intense in the face of significant challenges and uncertainties for the NHS. The Board is aware of the need to continuously evaluate the way the Board and its committees work to ensure it continues to be effective, efficient and economic in managing its agenda.</p>	<ul style="list-style-type: none"> • CQC Intelligent Monitoring Report (July 2014) adjusted the Trust's inspection risk rating from 6 (lowest risk) to 5. • TEG are doing a dedicated piece of work with KPMG through focused time-out sessions on delivering the Board strategy • Trust-wide self-assessment against CQC KLoE underway in preparation for inspection • Internal Audit of Quality Governance • CQC Intelligent Monitoring Report (December 2014) risk rating remained at 5

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<p>9. The Board is satisfied that there are systems to ensure that the Trust has in place personnel on the Board, reporting to the Board and within the rest of the organisation who are sufficient in number and appropriately qualified to ensure compliance with the conditions of its NHS provider licence.</p>	<ul style="list-style-type: none"> • Workforce planning via Finance Performance and Workforce Committee • Safer Nursing Care Tool • Assurance Framework and Top Risk Report <p><u>Risks and mitigating actions:</u> The planned replacement of two Non-Executive Directors who have been long-standing members of the Board. This follows the appointment of two new Non-Executive Directors in 2013. The Trust has well established and effective processes for Non-Executive Director appointment and induction and looks forward to refreshing the Board.</p>	<ul style="list-style-type: none"> • The sickness absence of the Chairman has been effectively managed by the Vice-Chairman supported by the extension of the term of office of 2 NEDs from June to October 2014. • 2 new NEDs appointed and due to take up post on 1 October 2014. • 2 NEDs took up post from 1 October
Training of Governors (see Appendix 5)		
<p>10. The Board is satisfied that during the financial year most recently ended the Trust has provided the necessary training to its Governors, as required in s151(5) of the Health and Social Care Act, to ensure they are equipped with the skills and knowledge they need to undertake their role.</p>	<ul style="list-style-type: none"> • Governor induction, local regional and national training and development opportunities via FTN, FTGA • Governwell Training Programme 	<ul style="list-style-type: none"> • Sheffield-wide Governwell Training Day for Governors delivered in July 2014. • Governors attended Governors Development Day (Yorkshire and Humber) • FTGA joined NHS Providers

General Condition G6 Systems for compliance with licence conditions and related obligations:

1. The Licensee shall take all reasonable precautions against the risk of failure to comply with:
 - (a) the Conditions of this Licence,
 - (b) any requirements imposed on it under the NHS Acts, and
 - (c) the requirement to have regard to the NHS Constitution in providing health care services for the purposes of the NHS.
2. Without prejudice to the generality of paragraph 1, the steps that the Licensee must take pursuant to that paragraph shall include:
 - (a) the establishment and implementation of processes and systems to identify risks and guard against their occurrence; and
 - (b) regular review of whether those processes and systems have been implemented and of their effectiveness.
3. Not later than two months from the end of each Financial Year, the Licensee shall prepare and submit to Monitor a certificate to the effect that, following a review for the purpose of paragraph 2(b) the Directors of the Licensee are or are not satisfied, as the case may be that, in the Financial Year most recently ended, the Licensee took all such precautions as were necessary in order to comply with this Condition.
4. The Licensee shall publish each certificate submitted for the purpose of this Condition within one month of its submission to Monitor in such manner as is likely to bring it to the attention of such persons who reasonably can be expected to have an interest in it.

Continuity of Services Condition 7 – Availability of Resources

1. The Licensee shall at all times act in a manner calculated to secure that it has, or has access to, the Required Resources.
2. The Licensee shall not enter into any agreement or undertake any activity which creates a material risk that the Required Resources will not be available to the Licensee.
3. The Licensee, not later than two months from the end of each Financial Year, shall submit to Monitor a certificate as to the availability of the Required Resources for the period of 12 months commencing on the date of the certificate, in one of the following forms:
 - (a) "After making enquiries the Directors of the Licensee have a reasonable expectation that the Licensee will have the Required Resources available to it after taking account distributions which might reasonably be expected to be declared or paid for the period of 12 months referred to in this certificate."
 - (b) "After making enquiries the Directors of the Licensee have a reasonable expectation, subject to what is explained below, that the Licensee will have the Required Resources available to it after taking into account in particular (but without limitation) any distribution which might reasonably be expected to be declared or paid for the period of 12 months referred to in this certificate. However, they would like to draw attention to the following factors which may cast doubt on the ability of the Licensee to provide Commissioner Requested Services".
 - (c) "In the opinion of the Directors of the Licensee, the Licensee will not have the Required Resources available to it for the period of 12 months referred to in this certificate".
4. The Licensee shall submit to Monitor with that certificate a statement of the main factors which the Directors of the Licensee have taken into account in issuing that certificate.
5. The statement submitted to Monitor in accordance with paragraph 4 shall be approved by a resolution of the board of Directors of the Licensee and signed by a Director of the Licensee pursuant to that resolution.
6. The Licensee shall inform Monitor immediately if the Directors of the Licensee become aware of any circumstance that causes them to no longer have the reasonable expectation referred to in the most recent certificate given under paragraph 3.
7. The Licensee shall publish each certificate provided for in paragraph 3 in such a manner as will enable any person having an interest in it to have ready access to it.

8. In this Condition:

"distribution"	includes the payment of dividends or similar payments on share capital and the payment of interest or similar payments on public dividend capital and the repayment of capital;
"Financial Year"	means the period of twelve months over which the Licensee normally prepares its accounts;
"Required Resources"	<p>means such:</p> <ul style="list-style-type: none"> (a) management resources, (b) financial resources and financial facilities, (c) personnel, (d) physical and other assets including rights, licences and consents relating to their use, and (e) working capital <p>as reasonably would be regarded as sufficient to enable the Licensee at all times to provide the Commissioner Requested Services.</p>

NHS Foundation Trust Condition 4 – NHS Foundation Trust Governance Arrangements

1. This condition shall apply if the Licensee is an NHS foundation trust, without prejudice to the generality of the other conditions in this Licence.
2. The Licensee shall apply those principles, systems and standards of good corporate governance which reasonably would be regarded as appropriate for a supplier of health care services to the NHS.
3. Without prejudice to the generality of paragraph 2 and to the generality of General Condition 5, the Licensee shall:
 - (a) have regard to such guidance on good corporate governance as may be issued by Monitor from time to time; and
 - (b) comply with the following paragraphs of this Condition.
4. The Licensee shall establish and implement:
 - (a) effective board and committee structures;
 - (b) clear responsibilities for its Board, for committees reporting to the Board and for staff reporting to the Board and those committees; and
 - (c) clear reporting lines and accountabilities throughout its organisation.
5. The Licensee shall establish and effectively implement systems and/or processes:
 - (a) to ensure compliance with the Licensee's duty to operate efficiently, economically and effectively;
 - (b) for timely and effective scrutiny and oversight by the Board of the Licensee's operations;
 - (c) to ensure compliance with health care standards binding on the Licensee including but not restricted to standards specified by the Secretary of State, the Care Quality Commission, the NHS Commissioning Board and statutory regulators of health care professions;
 - (d) for effective financial decision-making, management and control (including but not restricted to appropriate systems and/or processes to ensure the Licensee's ability to continue as a going concern);
 - (e) to obtain and disseminate accurate, comprehensive, timely and up to date information for Board and Committee decision-making;
 - (f) to identify and manage (including but not restricted to manage through forward plans) material risks to compliance with the Conditions of its Licence;
 - (g) to generate and monitor delivery of business plans (including any changes to such plans) and to receive internal and where appropriate external assurance on such plans and their delivery; and
 - (h) to ensure compliance with all applicable legal requirements.
6. The systems and/or processes referred to in paragraph 5 should include but not be restricted to systems and/or processes to ensure:
 - (a) that there is sufficient capability at Board level to provide effective organisational leadership on the quality of care provided;
 - (b) that the Board's planning and decision-making processes take timely and appropriate account of quality of care considerations;
 - (c) the collection of accurate, comprehensive, timely and up to date information on quality of care;
 - (d) that the Board receives and takes into account accurate, comprehensive, timely and up to date information on quality of care;
 - (e) that the Licensee including its Board actively engages on quality of care with patients, staff and other relevant stakeholders and takes into account as appropriate views and information from these sources; and
 - (f) that there is clear accountability for quality of care throughout the Licensee's organisation including but not restricted to systems and/or processes for escalating and resolving quality issues including escalating them to the Board where appropriate.
7. The Licensee shall ensure the existence and effective operation of systems to ensure that it has in place personnel on the Board, reporting to the Board and within the rest of the Licensee's organisation who are sufficient in number and appropriately qualified to ensure compliance with the Conditions of this Licence.
8. The Licensee shall submit to Monitor within three months of the end of each financial year:
 - (a) a corporate governance statement by and on behalf of its Board confirming compliance with this Condition as at the date of the statement and anticipated compliance with this Condition for the next financial year, specifying any risks to compliance with this Condition in the next financial year and any actions it proposes to take to manage such risks; and
 - (b) if required in writing by Monitor, a statement from its auditors either:

- (i) confirming that, in their view, after making reasonable enquiries, the Licensee has taken all the actions set out in its corporate governance statement applicable to the past financial year, or
- (ii) setting out the areas where, in their view, after making reasonable enquiries, the Licensee has failed to take the actions set out in its corporate governance statement applicable to the past financial year.

Section 151 (5)

“A public benefit corporation must take steps to secure that the governors are equipped with the skills and knowledge they require in their capacity as such.”

Note: This section provides clarity that individual Foundation Trusts are responsible for the training and development of their governors.