

## Executive Summary

### Report to the Board of Directors Being held on 27 September 2022

<b>Subject</b>	Board Committee Membership
<b>Supporting TEG Member</b>	Sandi Carman, Assistant Chief Executive
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<b>Status<sup>1</sup></b>	For Approval

#### PURPOSE OF THE REPORT

To present for agreement proposals relating to Board Committee membership to align with good governance practice and ensure that the Board of Directors can discharge its duties in the most effective and efficient manner.

#### KEY POINTS

The paper builds on prior work undertaken in 2021/22 to review arrangements for the operation of the Board of Directors and takes into account both recent regulatory experience and findings from the recent external review of Healthcare Governance arrangements.

The paper makes a number of recommendations to support the primary function of Board Committees in obtaining assurance on behalf of the Board of Directors through effective scrutiny, robust challenge and onward reporting to support open, constructive discussion to take place within meetings of the Board of Directors.

Proposals include:

- membership of Board Committees is confined to members of the Board of Directors and members of TEG in order to ensure that discussions remain at a strategic level and focus on the provision of evidence-based assurance;
- the practice of inviting Governors to observe Board Committee meetings is discontinued in order to encourage Governors to seek assurance from Non-Executive Directors (NEDs) at formal Council of Governors meetings, thereby creating an evidence based supporting their statutory duty to hold the NEDs to account for the performance of the Board;
- arrangements put in place during early Covid-19 waves for attendance at Board Committees by NEDs not included on Committee memberships to cease in order to make the most effective use of the Chair's and NEDs' time; and
- The Trust Chair to stand down from attendance at Board Committee meetings, with the exception of the Board Nomination and Remuneration Committee and Sheffield Teaching Hospital's Committee in Common.

Members of the Council of Governors have been apprised of these proposals.

## IMPLICATIONS<sup>2</sup>

Aim of the STHFT Corporate Strategy		✓ Tick as appropriate
1	Deliver the Best Clinical Outcomes	
2	Provide Patient Centred Services	
3	Employ Caring and Cared for Staff	
4	Spend Public Money Wisely	
5	Create a Sustainable Organisation	
6	Deliver Excellent Research, Education and Innovation	

## RECOMMENDATION

The Board of Directors is asked to:

- Review and consider the paper; and
- Approve proposals for streamlining Board Committee attendance.

## APPROVAL PROCESS

Meeting	Date	Approved Y/N
Trust Executive Group	24 August 2022	Y
Board of Directors	27 September 2022	

## **Board Committee Membership**

### **Background**

A review of Board Architecture previously undertaken in July 2021 considered the operation of the Board of Directors and benchmarked the frequency of Board meetings held in public with that of peer trusts.

The outcome of the review led to a change in practice through reducing the overall number of Board meetings held in public to six per year and rescheduling time for other Board activities, including development, visibility and engagement, and more in-depth discussion on strategy.

These arrangements were reviewed after six months and evaluated favorably.

Within this same 2021 Board Architecture review, focus was also placed on the Board's Committee structure to ensure that it was assisting the Board of Directors to discharge its statutory duties in the most effective and efficient manner.

Proposals were made around redefining Board Committee membership in order to support and further strengthen an assurance focus. While giving these recommendations due consideration and noting alignment with good practice, proposals to streamline Board Committee membership / attendance were not taken forward at that time.

In the intervening period, both recent regulatory experience and findings from the recent independent review of Healthcare Governance arrangements have prompted the need to reconsider these proposals and to give consideration to embedding governance arrangements that will encourage robust Non-Executive Director (NED) challenge and holding to account at both Board Committee and Board level.

The paper rearticulates recommendations to strengthen the primary function of Board Committees in obtaining assurance on behalf of the Board of Directors through holding to account and seeking assurance for the timely delivery of agreed objectives.

It also prompts consideration of the practice of routine attendance at Board Committees by the Trust Chair and the need to create a clear line of separation between the detailed work undertaken at Board Committee level and how this is then used to inform Board debate and decision making.

### **Redefining Board Committees and their membership**

The Board of Directors has a mature Committee structure comprising of the statutory committees of Audit, Board Nomination and Remuneration and Quality, as well as Finance and Performance, Human Resources and Organisational Development plus Sheffield Teaching Hospital's Committee in Common.

Chaired by a NED these Committees are the key structures in providing routine oversight and assurance on all domains of Trust performance. The Quality Committee, the Finance and Performance Committee and the People Committee meet monthly, with the exception of the month of August. Additionally, the Audit Committee with overall responsibility for overseeing the system of internal control and overall assurance process associated with managing risk meets five times a year, aligned to the annual audit cycle.

Board Committees can be regarded as microcosms of the Board of Directors with their primary function being to help the Board to obtain assurance. They are the forum for NEDs to carry out

their challenge function in detail. For discussion and challenge to be sufficiently robust, guidance supports the need for an element of privacy.

### Streamlining Board Committee membership / attendance

Material developed by NHS Providers<sup>1</sup> regarding attendance at Board Committees suggests that while other Board directors and managers may need to attend, *'the presence of an audience is likely to constrain the full effectiveness of a Board committee and may lead to restraint in challenge and the assurance sought by the committee not being as robust as it might have been.'*

While the above is in the context of Governor observers, it can equally be regarded as applying to Trust officers and also external stakeholders. The Board's role is to operate at a strategic level and this is reinforced by the NED chairing of Board Committees. Where membership is predominantly operational there is a tendency for conversations to stray into operational detail and, rather than seeking assurance, the Committee can become embroiled in problem solving.

Reflection has been given, in particular, to meetings of the Quality Committee, where numbers in attendance have been seen to exceed fifteen people, bringing into question whether this both provides an effective forum for discussion, and is an efficient allocation of resources. Meetings with larger memberships tend to also record a higher than usual level of apologies suggesting that for some members there is not sufficient value-add to guarantee their attendance.

Aligned with the principle of streamlining attendance at Board Committee it is also recommended that the arrangements put in place during early Covid-19 waves which encouraged attendance at Board Committees by NEDs not included on Committee memberships are stepped down. This was introduced at the time to mitigate the risk of meetings not being quorate.

### Separating the role of the Trust Chair

Current Board governance arrangements include routine attendance by the Trust Chair at Board Committee meetings, which has followed historical practice in the Trust. This does not align with good governance, nor is common practice within the NHS.

A poll survey conducted by the CEO Office across the NHS Company Secretary forum to identify arrangements in place across other trusts, found that across 54 responding trusts Chair membership / regular attendance at Board Committees was not common.

The majority of responding trusts indicated that the Trust Chair was not a Committee member or attendee.

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<sup>1</sup> NHS Providers (02 July 2018) Governors attending board committees, Governor Support

2. Other than the Board Nom Rem Committee, is your Trust Chair a member / attendee of any of the following Board-level Committees (or their equivalent in your trust)?

[More Details](#)



Source: STH CoSec poll on Board Committee membership – August 2022

Better practice is suggested as the Trust Chair relinquishing formal attendance at Board Committees to create a clear line of separation between the detailed work undertaken at Committee level and how this is then used to inform Board debate and decision-making.

In the role of leader of the Board, this independence from Board Committee discussion makes it easier for the Chair to ensure that all Board members are fully informed about the key issues that require full Board attention by prompting effective reporting and escalation from Board Committees.

This, and streamlining of NED Committee attendance would provide a final level of holding to account at Board level without a large proportion of Board members having been pre-appraised on matters brought to the Board, through the attendance of various Board Committee meetings and also promotes a much better division of workload and more effective use of NED time.

Effective governance should be evidenced by the Board gaining assurance through being apprised by its Committees of key issues requiring its attention on areas covered by their terms of reference. In addition, good governance suggests that the Board and each Committee should regularly review their effectiveness and an annual observation by the Trust Chair could provide valuable input to the process and allow the Chair to gain assurance that Committees of the Board are providing effective oversight of areas where their remit permits, through an 'arm's length' assessment of Committee effectiveness.

On agreement by the Board of Directors of the principle of confining the membership of Board Committees to members of the Board of Directors and members of TEG, proposals for revised membership would be developed through discussion with the Committee Chair, Lead Executive, Trust Chair and Chief Executive. The Committee terms of reference will also be updated.

### Governors observing Board Committee meetings

With regard to inviting Governors to observe Board Committee meetings to assess NED performance, the NHS Providers material referenced above cites this as a misunderstanding of the role of a Governor.

It is the Governor role to form a view on the performance of the Board of Directors and to hold the NEDs to account for this performance, with the forum for examining the performance of the Board and Governor interaction with NEDs being the Council of Governors.

This discharge of Governors statutory duty should be evidenced within the minutes of formal meetings of the Council of Governors. This supports consideration being given to ceasing the practice of inviting Governors to observe Board Committees.

While there are trusts that do allow Governors to observe Board Committees, the view of NHS Providers is that this should be discouraged for a number of reasons:

- The hierarchic structure of a foundation trust ensures that through governance tiers focus moves towards the key issues and high-level discussions rather than the large volume of operational detail. Governor focus should be on the small number of high-level objectives and key risks associated with their delivery.
- Not all Governors have the time available to observe Board and Committees. This can then result in a small number of Governors who can attend Committees becoming much better informed than their fellow Governors which can, as a worst case scenario, lead to a dysfunctional Council of Governors.
- Roles can become blurred which prevents a clear distinction between the role of Governors and that of the NEDs, thereby reducing a governance tier.
- The level of the discussion in Board Committees can lead to Governors being engaged in operational detail. Again, this can manifest itself in Governors addressing questions towards Executive Directors for operational detail, rather than reinforcing the NEDs' assurance role.
- Where Governors have been party to discussions regarding gaining assurance, this can discourage them from holding the NEDs to account for how they have been assured since they already know the answer.

### **Recommendation**

The Board of Directors is asked to discuss the content of the paper and agree the following proposals for streamlining Board Committee attendance:

- Membership of Board Committees is confined to members of the Board of Directors and members of TEG in order to support delivery of providing effective assurance;
- The practice of inviting Governors to observe Board Committee meetings is discontinued;
- Arrangements put in place during early Covid-19 waves for attendance at Board Committees by NEDs not included on Committee memberships to cease; and
- The Trust Chair to stand down from attendance at Board Committee meetings, with the exception of the Board Nomination and Remuneration Committee and Sheffield Teaching Hospital's Committee in Common.