

Meeting of the Council of Governors

Thursday 8 October 2015

**Session in public at 15.00
Session in private at 17.00**

Dove Suite
The Ark
Mount Lane
Turners Hill
West Sussex
RH10 4RA



Meeting of the Council of Governors
Thursday 08 October 2015, 15:00 – 17:00
Dove Suite, The Ark, Mount Lane, Turners Hill, West Sussex RH10 4RA

Agenda: meeting session held in public

No.	Item	Mode
Standing items		
27-15	Welcome, apologies, declarations of interest and eligibility <i>Beryl Hobson, Chair</i>	Verbal
28-15	Draft minutes of the meetings held on 09 July 2015 (for approval) <i>Beryl Hobson, Chair</i>	Papers
29-15	Matters arising and actions pending from previous meeting including: <ul style="list-style-type: none"> 05-15: Staff survey: Detailed analysis of staff survey results to be undertaken from which a specific action plan will be developed. Brief progress report to be circulated to the council [Action: GA] 06-15: Quality indicators 14/15 and quality account priorities 15/16 Governors to select a local indicator for the 2015/16 quality account. On today's agenda [Action: JMT] 12-15: Governors to provide feedback on the new meeting format. [Action: CoG] 16-15: Declaration of Interest pro-forma and associated documents to be completed, signed and returned to the deputy company secretary by Friday 24 July for inclusion in the 2015/16 register. [Action: All CoG] 17-15: To facilitate communication in months where no formal business meeting is scheduled, RT to consider producing a monthly CEO update. [Action: RT]; 18-15: Council to receive a brief report on the financial position at future meetings. [Action: CS]. <i>Beryl Hobson, Chair</i>	Verbal
Council business		
30-15	Proposed amendments to the constitution <i>Kathleen Anderson, Company Secretary</i>	paper
31-15	Board-level governance: engagement with governors <i>Kathleen Anderson, Company Secretary</i>	paper
32-15	Annual update on effectiveness of audit committee <i>John Thornton Chair Audit Committee (from 2014 – 2015)</i>	paper
Holding non-executive directors to account for the performance of the board of directors		

33-15	Financial and operational performance committee <i>John Thornton, Committee Chairman; Clare Stafford, Director of Finance and Performance and Chris Orman, interim committee governor representative</i>	Verbal
34-15	Quality and governance committee <i>Ginny Colwell, Committee Chair; Nicky Reeves, Deputy Director of Nursing and Tony Martin, committee governor representative</i>	Verbal
Know your trust		
35-15	CQC update in advance of inspection <i>Kelly Stevens, Project Manager</i>	presentation
Representing the interests of members and the public		
36-15	Quality account priorities 2015/16 <i>Nicky Reeves, Deputy Director of Nursing</i>	presentation
Any other business		
37-15	By application to the Chair <i>Beryl Hobson, Chair</i>	Verbal
Questions		
38-15	To receive any questions or comments from members of the foundation trust or members of the public <i>Beryl Hobson, Chair</i>	Verbal

Further to paragraph 21.1 and annex 6 of the trust's constitution, it is proposed that members of the public and representatives of the press shall be excluded from the remainder of the meeting for the purposes of allowing the council to discuss issues of a confidential nature.

Agenda: meeting session held in private		
Standing items		
39-15	Draft minutes of the meeting held in private on 9 July 2015 (for approval) <i>Beryl Hobson, Chair</i>	Paper
Confidential matters		
40-15	Chair and non-executive director appraisals <i>Anne Higgins, Chair of Appointments committee</i>	Paper
Council business		
41-15	Annual information governance update <i>Dominic Bailey, Information Governance Officer</i>	presentation

Dates of the next meetings

Business meetings of the council of governors to be held in public

2015/16

Thursday 14 January 2016

2016/17

Thursday 21 April 2016

Thursday 21 July 2016

Thursday 20 October 2016

Thursday 19 January 2017

Document:	Minutes (draft and unconfirmed)	
Meeting:	Council of Governors (session in public) Thursday 09 July 2015, 15.00 – 17.00 The Dove Suite, The Ark, Mount Lane, Turners Hill, West Sussex	
Present:	Beryl Hobson (BH)	Chair
	Brian Beesley (BB)	Public Governor
	John Belsey (JEB)	Public Governor
	Liz Bennett (LB)	Stakeholder Governor (WSCC)
	John Bowers (JB)	Public Governor
	Milton Chimonas (MC)	Public Governor
	Jenny Cunnington (JC)	Public Governor
	John Dabell (JD)	Public Governor
	Robert Dudgeon (RD)	Public Governor
	John Harold (JH)	Public Governor
	Anne Higgins (AH)	Public Governor
	Brian Goode (BG)	Public Governor
	Moira McMillan (MM)	Public Governor
	Tony Martin (TM)	Public Governor
	Christopher Orman (CO)	Public Governor
	Andrew Robertson (AR)	Stakeholder Governor (League of Friends)
	Gillian Santi (GS)	Public Governor
	Michael Shaw (MS)	Public Governor
	Shona Smith (SS)	Staff Governor
	Peter Wickenden (PW)	Public Governor
In attendance	Graeme Armitage (GA)	Director of HR & Organisational Development
	Ginny Colwell (GC)	Non-Executive Director
	Kathleen Dalby (KD)	Company Secretary & HoCA
	Stephen Fenlon (SF)	Medical Director
	Chris Halloway (CH)	Public Governor (elect)
	Sharon Jones (SJ)	Director of Operations
	Ian Playford (IP)	Non-Executive Director
	Rodabe Rudin (RR)	Public Governor (elect)
	Hilary Saunders (HS)	Deputy Company Secretary (secretariat)
	Clare Stafford (CS)	Director of Finance & Performance
	Jo Thomas (JMT)	Director of Nursing & Quality
	Richard Tyler (RT)	Chief Executive
Apologies:	Angela Glynn (AG)	Public Governor
	Julie Mockford (JM)	Staff Governor
	Glynn Roche (GR)	Public Governor
	Norman Webster (NW)	Stakeholder Governor (EGTC)
	Lester Porter (LP)	Senior Independent Director and NED
	John Thornton (JT)	Non-Executive Director
Did not attend:	Mansoor Rashid (MR)	Staff Governor
Observing:	None	
Standing items		
12-15	Welcome, apologies and declarations of interest and eligibility Following the recent elections, BH welcomed CH and RR who would be joining Council pending due process. She also congratulated JH on being elected to his second term as public governor.	

	<p>IP was welcomed to his first meeting since being appointed non-executive director in April.</p> <p>In addition, BH welcomed CS and SJ to their first Council meeting since being appointed as Director of Finance and Director of Operations respectively. JMT was also congratulated on being appointed substantive Director of Nursing and Quality in May. Each new member of the executive team was invited to introduce themselves, providing a résumé of their work and experience to date.</p> <p>RT provided a brief summary of the new organisational structure, explaining there was now a clear distinction between the operational business units and supporting infrastructure.</p> <p>BH reminded those present that arrangements were underway for her to meet with all governors over the next few weeks in a series of informal gatherings, (the first of which had just taken place).</p> <p>BH asked governors to note that new nameplates had been produced for today's meeting. These set out the trust values and key strategic objectives, plus the five domains of the Care Quality Commission.</p> <p>BH then reminded governors of existing arrangements which the trust used to cascade information to Council between formal meetings. These included the Chief Executive's report, (extracted from the public board papers which were published to the website), board agendas, board minutes, the governor log, and the Governor Monthly Update. In addition, there was a standing invitation for governors to attend the public board meetings. BH explained that today's agenda had been refined slightly to better facilitate the governors' remit of 'holding non-executives to account'. Governors were urged to provide feedback on the new format; a template to assist this would be circulated shortly. [Action: KD]</p> <p>It was noted that item 26-15, originally scheduled to be taken in this afternoon's private session, would now be held at the end of the public meeting.</p> <p>Apologies had been received from JM, NW, JT and LP.</p> <p>There were no new declarations of interest or ineligibility.</p>
13-15	<p>Draft minutes of the meeting held on 9th April 2015 (for approval)</p> <p>The minutes were APPROVED as an accurate record of the meeting.</p>
14-15	<p>Matters arising and actions pending from previous meeting</p> <ul style="list-style-type: none"> • Items 05-15 and 06-15 would be discussed at the Council meeting on 8th October. • Item 07-15 was on today's agenda • Item 12-15 would be discussed at the governor forum on 3rd September. (KD would be writing to governors to explain the process shortly) [Action: KD] <p>Council duly NOTED the matters arising update.</p>
Council business	
15-15	Council of governors' code of conduct

Minutes: Public session of the Council of Governors meeting held on 09 July 2015

DRAFT & UNCONFIRMED HS V1

	<p>KD reminded governors that Council had originally established a code of conduct in 2008, which had been revised in line with the NHS Providers compendium in 2012.</p> <p>The compendium itself was updated in line with changes introduced under the Health and Social Care Act 2012, although the QVH governors' code of conduct had not been reviewed since 2012 and the 2012 Act. Therefore a draft revision had been prepared based on the model code updated in the second edition of the FTN compendium.</p> <p>KD advised Council that the new draft reflected the trust's own vision and values. After due consideration Council AGREED to adopt the new version as its code of conduct for the next 2-3 years.</p> <p>The Chair thanked KD for her update.</p>
16-15	<p>Annual declarations by governors</p> <p>KD reminded governors that the trust's constitution required them to disclose any interests which may conflict with the activities of the trust. The trust in turn is required to maintain a register of these interests. This is maintained by the company secretary and made available for inspection upon request.</p> <p>Governors' declarations for the 2015/16 register were now due. The standard pro-forma had been revised to incorporate clearer advice and definitions to help governors to complete the declaration accurately. However, the trust would provide assistance to anyone requiring additional clarification.</p> <p>After due consideration Council APPROVED the amended pro-forma for immediate use by all governors.</p> <p>It was therefore AGREED that the pro-forma and associated documents should be completed, signed and returned to the deputy company secretary by Friday 24 July for inclusion in the 2015/16 register.[Action: All members of CoG]</p> <p>The Chair thanked KD for her update.</p>
Holding non-executive directors to account for the performance of the board of directors	
17-15	<p>Board governance review</p> <p>BH updated Council on the current review into the trust's governance structure. This had been commissioned to ensure the trust would be equipped to meet its strategic objectives and ensure compliance with regulatory requirements.</p> <p>The scope of the review included board sub-committees, assurance frameworks, interfacing with the clinical cabinet, executive team and council of governors. However, it did not extend to operational sub-committees which were now being reviewed by the executive team to refine governance across the organisation. (A report following this review would be submitted to the board in September).</p> <p>Work undertaken by the governance review group (which included BG as a member) had mapped existing arrangements and identified areas of overlap, gaps and strengths and weaknesses. It had taken into account the FT Code of Governance, Monitor's 'Well-led</p>

	<p>Framework for Governance Reviews, guidance for NHS FTS and the QVH constitution. Although the board's intention had been to implement the new regime by April 2015, this had been postponed until October to ensure new governance structures were fit for purpose.</p> <p>The review had highlighted the lack of a financial and operational performance board sub-committee. The risks presented were that the board would either spend a disproportionate amount of time on finance and operations in an effort to reassure itself, (which could impact on time available for other issues such as strategy and development), or that it would not spend enough time on this and therefore would not be sufficiently assured on finance and operations. The board had agreed that quality, people, finance and operations were all equally important and each required sufficient meeting time.</p> <p>Key recommendations arising from the review included:</p> <ul style="list-style-type: none"> • The establishment of a finance and performance sub-committee (to include some workforce metrics) to meet monthly. It had been agreed that the governor representative role would be undertaken temporarily by the Vice-Chair until September when governor roles, responsibilities and allocations would be reviewed at the forum. • Frequency of the existing quality and risk committee to be increased to monthly and include workforce quality issues. (However, organisational development, staff survey and workforce strategy matters would continue to be reported directly to the board); • Monthly meetings of the board would now alternate between public board meetings (business agenda) and seminar sessions. This would allow more protected time for strategy and board development. (Urgent business will be conducted between business meetings on an extraordinary basis if necessary); and • To improve information flows from its sub-committees, the board will meet in the first Thursday of the month not the last as at present. <p>After due consideration, Council sought and received assurance on the following:</p> <ul style="list-style-type: none"> • It would still be possible to flag any areas of concern to the board where necessary, as the finance and performance and quality and risk committees would continue to meet monthly; • To facilitate good communication to Council in months where no formal business meeting was scheduled, RT would consider producing a monthly CEO update. [Action: RT]; • NED workload had been taken into account during the review, although this would be monitored carefully. (Council was reminded that an appendix setting out board resource and support allocation had been included in the June board papers); • The quality and risk committee would be monitored to ensure the level of information received was providing sufficient assurance. A formal review would be undertaken after six months. <p>Council duly NOTED the report from the Chair.</p>
18-15	<p>Finance and performance committee</p> <p>BH summarised the inaugural meeting of the finance and performance committee, making reference to the committee's report (contained in the June board papers).</p> <p>Other attendees at the meeting included JT (as Chair), CO and IP. It was acknowledged that the first meeting had focused predominantly on housekeeping, but that a more challenging agenda</p>

	<p>would be set in future months. In the meantime, highlights of the meeting had included:</p> <ul style="list-style-type: none"> Operational performance: the committee had been assured that whilst changes to the admitted and non-admitted targets were bedding-in, the trust would continue to treat patients in a timely way and focus on all three targets, including open pathway. Given recent breaches of the 62-day cancer target, the committee had also sought assurance that action would be taken to address management and governance issues, although SJ warned that breaches for patients on joint pathways would remain a risk; The trust had delivered a surplus of £126k for the month which was slightly lower than planned. Although action had been taken to mitigate the MO1 deficit, this had not been sufficient to address the situation and the cumulative deficit now stood at £109k. RT, SJ and CS had provided assurance that this is where they were focusing their time; Assurance that despite the significant increase in levels of challenge this year, plans were in place to deliver CIPs. These would be monitored separately and CS would be introducing a rolling programme. <p>After due consideration, Council sought and received assurance on the following:</p> <ul style="list-style-type: none"> Despite challenges to revenue and CIPs, the budget was still achievable; Council would in future receive a brief report on the financial position. Formatting will be clearer and allow the triangulation of information. [Action: CS]. <p>CO confirmed the discussion from his perspective as governor representative on the F & P Committee. Council duly NOTED the report from the Chair and members of the finance and performance committee.</p>
19-15	<p>Quality and risk committee</p> <p>GC and TM updated Council on the quality and risk meetings which had taken place in the last quarter.</p> <p>GC explained that the Q & R committee would be evolving in light of the board governance review (reported under item 17-15). Meeting frequency would change to monthly from 1st October.</p> <p>Current processes were being developed to improve assurance of quality of care. In addition the committee would also undertake a regular deep dive into routine papers to identify any additional learning and highlight areas requiring further assurance.</p> <p>In tandem with this, SF was undertaking a review of clinical governance arrangements within the trust. The results of this review would be fed into Q & R to ensure there was no duplication of reporting within the trust.</p> <p>A further review would take place in the next few months to ensure appropriate time and resources were being allocated to meetings. The committee's terms of reference would then be revised in light of any recommendations.</p> <p>GC stressed the need to avoid a blame culture whilst seeking ways in which to learn and improve. Human Factors training had been introduced recently to the trust, and it was hoped this would identify lessons to be learned in a more defined way.</p> <p>TM also noted the importance of doctors attending Q & R meetings on a regular basis, and urged the medical director to bring pressure to bear where appropriate.</p> <p>Members of Council raised the following issues:</p>

	<ul style="list-style-type: none"> • A request for further clarification of how Human Resources and Workforce Development fitted into the new governance structure. GA explained that some workforce metrics would be fed into the finance and performance committee, whilst the quality and risk committee would receive information on workforce quality issues. However, organisational development, staff survey and workforce strategy matters would continue to be reported directly to the board; • Concern at the perceived lack of information available regarding finance and performance and quality and risk issues. Council was reminded that the Q & R and F & P assurance reports would be available as part of standard board reporting, in addition to the monthly CEO report. However, KD agreed to feed these comments back to the GSG for further review [Action: KD]. <p>BH thanked GC and TM for their update, the contents of which were NOTED by Council.</p>
Know your trust	
20-15	<p>Inspection by the Care Quality Commission</p> <p>JMT updated Council on plans for the inspection by the Care Quality Commission from 10 – 13 November. She was keen to emphasise that areas under scrutiny for the inspection were of concern anyway for the trust as part of its aim to provide continuous safe and effective patient care.</p> <p>JMT explained that a new style of CQC inspection had been developed following the Francis and Keogh reports. This focused on five domains directly concerned with quality and safe delivery of patient care through a well-led organisation (ie. safe, effective, caring, responsive and well-led).</p> <p>A preparation programme, informed by CQC manuals, was underway. This included a self-assessment, with action plans to be followed up to ensure completion of identified gaps and areas for improvement. The assessment had indicated more work was needed in areas relating to the 6Cs, and trust policies, vision and values.</p> <p>Although there were areas throughout QVH where care was outstanding, JMT warned the trust could be challenged under the 'well-led' domain given that the executive team was still in its infancy and that the new governance structure wouldn't be implemented until October. However, she was optimistic the trust should aim for a 'good' score despite these reservations.</p> <p>The stage 1 provider information had been submitted to the CQC earlier this week. JMT set out the next steps of the process which included a mock CQC inspection and development of a CQC communications strategy. It was also necessary to identify what resources would be needed to support the trust in preparing for the inspection itself.</p> <p>JD requested that Council be fully apprised of how it could support the trust during the inspection. JMT assured him that this information was already included in the communications strategy which would be circulated in due course.</p> <p>Despite concerns raised about the age of the site, JMT reported that results of the recent PLACE inspection had been positive. The trust would aim to build on these as part of its overall strategy, however, any improvements would be on a piecemeal basis and therefore</p>

	<p>many challenges would remain.</p> <p>BH thanked JMT for her presentation and reiterated that this was not just about a CQC inspection, but was in fact an integral part of the quality of the patient experience. Council duly NOTED the contents of the update.</p>
Representing the interests of members and the public	
21-15	<p>Assessment of the auditor's 2014-15 work and fees</p> <p>A report providing an assessment of KPMG's work and fees for 2014-15 was circulated to Council.</p> <p>GC reminded Council that QVH's current contract with KPMG was for an initial three years with the option for two one-year extensions. Last year Council had agreed to extend the contract to 31 August 2015. The audit committee now recommended that the contract be extended for a further year to 31 August 2016. It was intended that a formal review exercise be undertaken in early 2016 with an appointment after the financial year end.</p> <p>Overall the audit committee was satisfied with the value and quality of the support and service provide by KPMG. CO queried the level of fees for 2015-16. JEB assured him that he had discussed this with JT prior to today's meeting and was confident this had been fully examined.</p> <p>After due consideration, Council CONFIRMED the appointment of KPMG for a further twelve months to 31 August 2016.</p> <p>The Chair thanked GC for her report.</p>
22-15	<p>Membership strategy: recruitment proposal</p> <p>KD reminded Council that at its last meeting, it had been asked to consider support for a proposal to invest in a targeted membership recruitment campaign to replenish the trust's membership base by approximately 2,000 new members. Whilst indicating support in principle, Council had requested further information.</p> <p>KD reminded Council that since peaking at approximately 11,000 members in late 2009, around 25% of members had been lost in 5 years. Although the trust's membership figures remain acceptable to the regulator, the trust's 'delivering excellence' vision puts community services and its 'hub and spoke' operating model at the heart of its strategic aims and objectives for the coming years. Therefore, following analysis of the trust's existing membership database, an outline proposal had been developed and circulated to Council.</p> <p>Analysis suggested that for communities in and around East Grinstead, local people were well represented as a whole among the membership base. However, of these members very few were younger people (less than 50 years of age) and few were from ethnic backgrounds that were not white. These characteristics were inconsistent with the characteristics of the communities in and around East Grinstead. The trust was therefore proposing a local recruitment campaign aimed at improving the representative age range and ethnicity of the membership base in relation to local people. LB commended the</p>

	<p>proposal and suggested ways in which MSDC and Meridian FM might be able to help support this.</p> <p>During discussions, KD made it clear that while recruitment activities could be directed to certain groups, membership was open to any eligible individual and all prospective members who express an interest in joining the trust will be welcomed. However, she also reminded Council of the trust's legal obligation to ensure its membership was representative of the different communities that it served. GA concurred and emphasised the trust's duty to reach out to all ethnicities.</p> <p>The trust recognised there were limited opportunities to communicate with spoke patients. Moreover, it was noted that the trust's membership database was less well represented in Kent than in Sussex. The trust therefore proposed a broader membership recruitment campaign aimed at increasing the proportion of Kent-based patients among its membership database. This campaign would aim to recruit approximately 1,000 QVH patients receiving care at Kent spoke sites</p> <p>Council was reminded that there was no allocated budget for membership recruitment. KD advised that the cost of a campaign would almost certainly exceed £10,000. The trust would therefore seek three competitive quotes before awarding the work to any provider.</p> <p>After due consideration, Council supported the trust's proposal to pursue a membership recruitment campaign. The Chair thanked KD for her update.</p>
Any other business	
23-15	<p>By application to the Chair</p> <p>PW raised concerns about a comment made in front of a patient by a member of staff regarding the quality of the hospital's food. Whilst conceding this was not particularly professional behaviour, RT acknowledged there were issues around catering, of which the trust was fully aware. Indeed this had been highlighted as a key area for improvement by the board. BH reminded Council that RD was currently part of a working group which was looking into improving patient food.</p> <p>BH thanked PW for bringing this to Council's attention. There were no further questions.</p>
QUESTIONS	
24-15	<p>To receive any questions or comments from members of the foundation trust or members of the public</p> <p>There were none</p>
26-15	<p>Acquisition of the McIndoe Surgical Centre by a third party</p> <p>RT reported that further to press reports, the charity Horder Healthcare (HH) had recently acquired the McIndoe Surgical Centre (MSC). He explained that HH was an independent healthcare charity running clinics in Crowborough, Eastbourne, Tunbridge Wells and Seaford.</p> <p>In 1998, a concession agreement had been established between MSC and QVH which precluded QVH undertaking any private work (and also from MSC undertaking any NHS</p>

	<p>work). However this had now been scrapped. Instead HH and QVH were in early discussions to identify opportunities to work collaboratively. Each organisation would aim to achieve their respective strategic goals, to the benefit of the local community.</p> <p>RT noted that this aligned to the trust's strategy to develop non-tariff income. He was also gratified that HH had expressed interest in working with QVH in developing the new education centre.</p> <p>Council congratulated RT and his team on the outcome and BH expressed her thanks in bringing this to fruition.</p>
<p>Further to paragraph 21.1 and annex 6 of the Trust's Constitution, it was agreed that members of the public and representatives of the press shall be excluded from the remainder of the meeting for the purposes of allowing the Council to discuss issues of a confidential nature.</p>	

Chair:..... Date:.....

Report to: Council of Governors
Meeting date: 08 October 2015
Reference no: 30-15
Report from: Kathleen Anderson, Company Secretary
Report date: 1 October 2015

Proposed amendments to the constitution

1. Purpose

- 1.1. The purpose of this paper is to propose amendments to the trust's constitution that will remove prohibitions on the eligibility of prospective and existing governors and non-executive directors.

2. Background

- 2.1. The trust's constitution was re-written in 2013 as part of a significant project arising from the enactments of the Health and Social Care Act 2012.
- 2.2. All of the provisions of the constitution were reviewed and most were revised to comply with the Act and/or legal advice, general good practice advice from an independent company secretary and the latest QVH custom and practice.
- 2.3. Since April 2013 the trust's constitution has remained largely unaltered with the exception of minor corrections and the adoption of new model election rules.
- 2.4. In the intervening two years the trust has undertaken considerable recruitment to its non-executive team and has held three elections for public governors.
- 2.5. The experience of recent recruitment has brought into question some of the eligibility criteria for non-executive and governor candidates as set out in the constitution.

3. Issue

- 3.1. QVH is a thriving independent specialist hospital which aims to deliver excellence to its patients and stakeholders.
- 3.2. To continue to thrive, the trust understands that it must attract and retain high-calibre candidates to lead and govern the organisation as well as to treat and care for its patients.
- 3.3. As a specialist hospital serving a large and densely populated geographical area, QVH competes with a great many NHS and other institutions in the south east which all seek to attract exceptional NED candidates and engaged governors.
- 3.4. The trust's constitution currently prohibits prospective and existing NEDs and governors from fulfilling their role for more than one foundation trust or health service body at the same time. In addition, it bars individuals who have served as a governor of another foundation trust within the preceding two years prior to the date of nomination to stand as an elected governor of QVH.
- 3.5. As a result, the trust's constitution restricts the pool of experienced and talented individuals from which it can recruit/seek nominations. It also imposes restrictions on those who join the organisation in a NED or governor capacity and risks losing the benefit of concurrent portfolio experience. Ultimately the trust may not be able to retain

individuals who are barred from pursuing other opportunities within the regional health economy.

4. Proposal

- 4.1. Following discussion with the trust chair, fellow company secretaries in the foundation trust sector and the trust's legal advisors, it is proposed to amend the constitution as follows:

Provision 38.1 Board of Directors – disqualification

4.1.1. *Current provision:*

38 Board of Directors - disqualification

38.1 The following may not become or continue as a member of the Board of Directors:

38.1.1 an executive or non-executive director or governor of another NHS foundation trust, or other Health Service Body, or a body corporate which presents a conflict of interest with the affairs of the Foundation Trust which cannot be resolved;

4.1.2. *Proposal:*

To revise this section to remove the absolute prohibition on directors of other NHS foundation trusts and health service bodies from being able to be directors of the trust and establish authority to appoint directors of other NHS foundation trusts or health service bodies, or bodies corporate unless the individual or their organisation has or represents a conflict of interest with the trust which is incapable of being resolved.

4.1.3. *Amended provision:*

38 Board of Directors - disqualification

38.1 The following may not become or continue as a member of the Board of Directors:

38.1.1 either:

- (a) an executive or non-executive director or governor of another NHS foundation trust, or
- (b) an executive or non-executive director of another Health Service Body, or
- (c) an executive or non-executive director of a body corporate

which presents a conflict of interest with the affairs of the Foundation Trust which cannot be resolved;

Provision 18.1.5 Council of Governors – disqualification and removal

4.1.4. *Current provision:*

18 Council of Governors – disqualification and removal

18.1 The following may not become or continue as a member of the Council of Governors:

18.1.5 he is a Director of the Foundation Trust, or a governor, executive director, non-executive director, chairman, chief executive of another NHS foundation trust, or other Health Service Body (unless they are appointed by an appointing organisation which is an NHS body);

4.1.5. *Proposal:*

To revise section 18.1.5 to permit individuals to hold multiple governorships provided any actual or perceived conflicts of interest can be managed appropriately.

4.1.6. *Amended provision:*

18 Council of Governors – disqualification and removal

18.1 The following may not become or continue as a member of the Council of Governors:

18.1.5 he is a Director of the Foundation Trust, or an executive director, non-executive director, chairman of another NHS foundation trust, or other Health Service Body (unless they are appointed by an appointing organisation which is an NHS body);

18.1.6 [new provision] he is a governor of another NHS foundation trust and there presents a conflict of interest with the affairs of the Foundation Trust which cannot be resolved;

Provision 18.1.7 Council of Governors – disqualification and removal

4.1.7. *Current provision:*

18 Council of Governors – disqualification and removal

18.1 The following may not become or continue as a member of the Council of Governors:

18.1.7 he has been an elected governor of another NHS foundation trust within the preceding two years prior to the date of his nomination to stand as an Elected Governor;

4.1.8. *Proposal:*

To remove section 18.7 entirely as it does not offer the trust any practical benefits and prohibits some good quality candidates with relevant experience gained elsewhere from becoming elected governors.

5. Recommendation

- 5.1. The council of governors is asked to approve the proposed amendments to the constitution.

- 5.2. Governors are reminded that the trust may make amendments of its constitution only if more than half of the members of the council of governors present and voting at a meeting of the council of governors approve the amendments.
- 5.3. If this criterion is fulfilled, the proposed amendments will be submitted to the board of governors for approval at its next meeting. If more than half of the members of the board of directors present and voting at the meeting approve the amendments, the amendments will take effect and will be notified to Monitor.
- 5.4. As the proposed amendments have no relation to the powers or duties of the council of governors, there is no obligation upon the trust to present the amendment to members and to give members the opportunity to vote on whether they approve the amendment.

Kathleen Anderson, Company Secretary

Report to: Council of Governors
Meeting date: 8 October 2015
Reference no: 31-15
Report from: Kathleen Anderson, Company Secretary
Report date: 1 October 2015

Board-level governance: engagement with governors

1. Purpose

- 1.1. The purpose of this paper is to establish common principles of engagement between governor representatives and the trust's board-level structures and mechanisms.
- 1.2. The principles drafted in this paper are for discussion between the board of directors and the council of governors with a view to creating a final document for inclusion in the trust's new 'governance handbook'.

2. Background

- 2.1. QVH has a long-standing practice of inviting a nominated representative of the council of governors, selected by the chair, to join the board as an ex officio, non-voting member. Some years ago the practice was extended to establish governor representatives to the main, non-statutory sub-committees of the board. These representatives are usually elected to the role by the council of governors.
- 2.2. The role of governor representatives, pioneered by QVH, is appreciated by the trust as an established and effective means of open and honest engagement between governors and the board.
- 2.3. Since the Health and Social Care Act 2012, the governor representative roles have become particularly significant as they play an important part in governors' duty to hold non-executive directors (NEDs) to account for the performance of the board.
- 2.4. The roles foster closer working relationships between governors and NEDs and provide more opportunities for governors to see NEDs at work on a regular basis. As a result, governors are better able to appraise the performance of the NEDs and hold them to account.

3. Board governance review

- 3.1. In 2014 the QVH board of directors charged the chair (then non-executive director and chair designate) with undertaking a review of existing board governance structures.

- 3.2. The group leading the review on behalf of the board includes Brian Goode who held the position of governor representative to the board until 30 September 2015.
- 3.3. The review was completed recently and a series of changes have been made to structures and processes which take effect from 1 October 2015. These include:
 - 3.3.1. The board of directors will alternate its monthly meetings between a formal business agenda and an informal seminar session to allow more protected time for strategy development, interaction with staff and patients and board development.
 - 3.3.2. The board has established a new financial and operational performance (F&P) sub-committee to assure the board of directors of in-year delivery of financial and performance targets and in-year delivery of the trust's strategic initiatives.
 - 3.3.3. The quality and governance (previously quality and risk) committee will meet monthly instead of bi-monthly. This will enable more regular assurance of quality and risk matters in parallel with the work of the F&P committee.
- 3.4. As part of the governance review, the role of the governor representative to the board has been maintained. In addition, the roles of governor representatives to each of the board's assurance sub-committees (as opposed to its statutory sub-committees) have been extrapolated to include a representative to the newly formed F&P committee.
- 3.5. The governance review group has identified a number of actions arising from its review including establishing common 'rules of engagement' between governors in 'representative' roles and the trust's board-level structures and mechanisms.
- 3.6. Following on from the review, the council of governors recently held a forum meeting at which it discussed governor representative roles before initiating its annual nomination and selection/election process. The discussions held at the meeting have helped to inform this paper.

4. Guiding principles of engagement

- 4.1. All governor representative positions are available by invitation of the board of directors and are not defined or protected by statute, the Monitor *Code of Governance* or the trust's constitution.
- 4.2. The trust is committed to its governor representative model but will continue to review its effectiveness in the context of routine annual effectiveness reviews, periodic independent reviews as required by the Monitor *Well-Led Framework for Governance Reviews* or any other circumstances that make it necessary to do so.
- 4.3. Governor representatives to the board of directors and its sub-committees are invited to act as partners in debate and challenge but do not share the duties, powers and liabilities of directors.

- 4.4. Governor representative roles are a significant commitment for individual governors who volunteer their time and expertise. Therefore:
- 4.4.1. The chair should consider, when requested, opportunities for governors to share roles, establish deputies and shadow one-another as a means to share responsibilities and plan for succession.
 - 4.4.2. The council of governors should support individual governors to fulfil their duties as representatives and encourage all governors to understand and engage with the representative roles and consider themselves for nomination.
 - 4.4.3. Governors who nominate themselves for governor representative roles should be able to commit to prepare for and attend routine meetings and to engage with fellow governors to represent them and provide feedback.
 - 4.4.4. The trust chair, chairs of sub-committees, the executive team and company secretarial team should aim to keep requests for additional support from governor representatives to a reasonable minimum.
 - 4.4.5. Methods to help representative to feedback to governor colleagues will be facilitated by the company secretarial team and include informal methods such as the 'governor monthly update' bulletin and formal methods such as reports to council meetings.

5. Engagement with the board: principles for governor representatives

- 5.1. Governor representatives are expected to engage with the board according to the following principles:
- By committing to the role for the appointed term and attending as many routine meetings of the board/sub-committee as possible
 - Actively engaging in debate and challenge
 - Acting professionally, collaboratively and in a way which is consistent with the trust's values and the council of governors' code of conduct.

6. Engagement with the council: principles for governor representatives

- 6.1. Governor representatives are expected to engage with the their council according to the following principles:
- By representing the interests of the council of governors and members of the trust faithfully and proportionately
 - Feeding back to governor colleagues openly, honestly and regularly to:
 - Inform them of important decisions and developments
 - Complete the loop of information on matters governors have raised with them as their representative
 - Share observations about the effectiveness of the board and its sub-committees and the performance of the non-executive directors and the board in order to inform the council's statutory duties.

7. Engagement with governor representatives: principles for the board

7.1. The board of directors, particularly the chair and non-executive directors, are expected to engage with governor representatives according to the following principles:

- By engaging openly and honestly
- Chairing meetings and / or participating in them in ways which are inclusive of and respectful to lay representatives
- Including governor representative in all aspects of board/committee work including board/committee development, informal or seminar meetings. Exclusion of the governor representative should be by exception.
- Encouraging and supporting governor representatives to share feedback with the council on the effectiveness of the board and its sub-committees and the performance of non-executive directors

7.2. The trust chair is expected to consider all nominations for the role of governor representative to the board of directors and to put in place a fair and reasonable process to inform his or her selection of a preferred candidate.

8. Recommendations and next steps

8.1. The council of governors is asked to consider the proposed principles of engagement, to discuss them with the board of directors and to make suggestions for further refinement.

8.2. Further consultation with the governance review group, board of directors and governor steering group may be necessary before the principles can be finalised.

8.3. Subject to 8.1 and 8.2 above, the principles of engagement are recommended for adoption with newly elected/selected governor representatives who are about to assume their new roles.

Kathleen Anderson, Company Secretary

Report to: Council of Governors
Meeting date: 8 October 2015
Reference number: 32-15
Report from: John Thornton, Non-Executive Director, and Chair of Audit Committee 2014-15
Appendices: N/A

Annual update on effectiveness of Audit committee

Introduction

The audit committee is a statutory committee of the board of directors of QVH. For the financial year 2014-15 the committee consisted of two non-executive directors. Following recently proposed changes to the governance structure of the board and its sub committees, a new chairman has been appointed and there are now three non-executive directors on the committee.

The committee met five times in the year. Four regular quarterly meetings and an additional meeting in May to consider and approve the annual financial and quality accounts for submission to the board. The chairman of the committee provides a report to the board after each meeting.

Throughout the year the audit committee continued to fulfil its responsibility to consider and scrutinise risks and controls across all aspects of the hospital - financial, operational and clinical. In doing this it continued to try to work closely with other sub committees such as Quality and Risk to ensure best use of resource.

There are certain areas of control which the audit committee is required to review each year in order to provide assurance to the board especially in the financial arena. Other priorities for the committee's audit work were set in line with board priorities and the committee's judgement on aspects of control which require further scrutiny.

Principal areas of review:

- Governance and risk management
During the year the committee discussed the effectiveness of the board's Assurance Framework in identifying the key risks to the Trust's future development and where it sought assurance on the control of these risks. The Assurance Framework is a key tool for the audit committee in deciding what its priorities should be. The Assurance Framework has now been reviewed at length by the board and a new design is being put in place for the current financial year.
- Internal Audit
Throughout the year the committee worked with internal audit to strengthen the Trust's internal controls. The committee reviewed and approved the internal audit strategy and operational plan for the year.

One of the key audits completed in the year was on the controls and effectiveness of the new operating theatres. The audit report was able to give strong assurance on the

internal control framework within the theatres. But the report was also able to highlight a number of areas for management where internal audit felt there was room for improvements in efficiency and effectiveness.

During the year the audit committee considered the effectiveness of internal audit reports in creating appropriate actions for management and the effectiveness of management in following through on agreed actions. As a result a new grading system for the priority of actions has been agreed and the responsibility for tracking completion of actions on behalf of the committee has been passed to internal audit from the in house finance team. The committee also discussed with executive management the need for regular review of management progress against agreed action plans.

The committee undertook a review of the Trust's internal audit providers and following a tender process decided to appointed a new firm of auditors (Mazars) on an initial three year contract.

- **External Audit**

The committee reviewed and agreed the external audit plan for the year. The committee also reviewed the full year financial reports prepared for the board.

During the year the committee also used the external auditors to look at a few issues outside their standard remit. One of the key issues reviewed was the Trust's processes and controls for agreeing and monitoring major capital projects. The auditors' recommendation was that there was room for improvement in several areas. This led to a further management review and reorganisation of monitoring responsibilities.

The external auditors are in the final year of their current contract and a formal review will be undertaken before the end of the contract.

Other matters of interest

While fulfilling its responsibilities to the board the committee has continued to review its own effectiveness and focus. Especially in light of the wider governance review and the establishment of a new Finance and Performance Committee which will meet monthly alongside the reshaped Quality and Governance Committee.

The committee is now in the process of reviewing its terms of reference and its work plan to ensure that it continues to focus its time and resource on the issues of most importance to the board.

John Thornton
Non-executive Director