

‘You matter, we care’

<b>Summary Report – Trust Board (Part 1)</b>	<b>Date: 31 July 2013</b>
<b>Report Title: Board Governance Memorandum</b>	
<b>Agenda Item: BD/13/120</b>	<b>Enclosures: Board Governance Memorandum</b>
<b>Sponsor: Chair</b>	<b>Presenter: Emma Roberts</b>
<b>Report Author: Emma Roberts</b>	
<b>Report discussed previously at: Executive Team and Board Seminar on 2 July 2013</b>	<i>n/a</i>

<b>Purpose of the Report and Action required</b>		
To present for formal adoption the Board Governance Memorandum as previously considered and approved by the Board in private seminar session.	Approval	X
	Discussion	
	Information	

<b>Executive Summary of Key Issues</b>
<ul style="list-style-type: none"> <li>• All aspirant NHS Foundation Trust’s are required to complete the Board Governance Assurance Framework during the first phase of the NHS Foundation Trust application process;</li> <li>• The purpose of introducing the self-assessment and independent verification process is to mitigate the risk of aspirant NHS Foundation Trusts being rejected due to Board governance issues at the Monitor assessment stage. There is a 4 stage process which includes:             <ol style="list-style-type: none"> <li>1. Complete self-assessment;</li> <li>2. Approve the assessment by the Trust Board, signed off by chair;</li> <li>3. Tested by independent supplier;</li> <li>4. Independent report produced.</li> </ol> </li> <li>• The independent supplier who will validate the self-assessment may recommend that the Trust Board undertake development modules to address any identified gaps.</li> </ul>

## Board Governance Memorandum

Which Strategic Objective does this paper address	
Consolidate	Y
Integrate	
Expand	

Recommendations to other committees
n/a

Recommendation/Decision
The Board is recommended to consider the report and formally <b>APPROVE</b> the Board Governance Memorandum.

## Board Governance Memorandum

### 1. Background

- 1.1. The Trust Board is now required, as part of the NHS Foundation Trust application process, to undertake a self-assessment against the Board Governance Assurance Framework for Aspirant Foundation Trusts, to inform the Board Governance Memorandum. The self-assessment is then verified by an independent supplier who may recommend that one or more development modules are completed by the Aspirant Foundation Trust Board. The Independent Supplier is KPMG.
- 1.2. The Board will recall that it has already, as part of its earlier self assessment, undertaken a review of the development modules highlighted above, and these may be submitted to KPMG as required. The development modules include:

Organisational Strategy & Values;

Quality Governance;

Financial Governance;

- 1.3. The independent supplier will undertake 1:1 interviews with Board members, observe a Board meeting and undertake staff focus groups, as well as reviewing the evidence submitted by the Trust, as documented in the self-assessment. The desktop review of evidence commenced on 22 July 2013, and the Board will be reviewed as a whole at its meeting on 31 July 2013 and again in August 2013.
- 1.4. The independent supplier will then issue a report to the Trust Board and the NHS Trust Development Authority. The report will include their independent view on the accuracy of the self-assessment ratings and may make recommendations for improvement, including the development modules.
- 1.5. The self-assessment is broken down into 5 indicators, and have been designed to provide assurance in relation to the effectiveness of Board governance. These indicators are:
- Board composition and commitment;
  - Board evaluation, development and learning;
  - Board insight and foresight;
  - Board engagement and involvement;
  - Board impact case studies.
- 1.6. The indicators are further split into various sections, and in completing the self-assessment the Trust Board needs to RAG rate each section. This is dependent upon whether the Trust is complying with the stated good practice or whether there are

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actions in place to implement the good practice. It is possible for the Trust Board to decide that they cannot or do not wish to adopt the good practice and therefore the Trust Board would need to explain the rationale behind this decision.

### 2. RAG Rating Scoring System

The scoring criteria for each section is as follows:

**Green** if the following applies:

- All good practices are in place unless the Board is able to explain why it is unable or has chosen not to adopt a particular good practice.
- No Red Flags identified.

**Amber/ Green** if the following applies:

- Some elements of good practice in place.
- Where good practice is currently not being achieved, there are either:
  - robust Action Plans in place that are on track to achieve good practice; or
  - the Board is able to explain why it is unable or has chosen not to adopt a good practice and is controlling the risks created by non-compliance.
- One Red Flag identified but a robust Action Plan is in place and is on track to remove the Red Flag or mitigate it.

**Amber/ Red** if the following applies:

- Some elements of good practice in place.
- Where good practice is currently not being achieved:
  - Action Plans are not in place, not robust or not on track;
  - the Board is not able to explain why it is unable or has chosen not to adopt a good practice; or
  - the Board is not controlling the risks created by non-compliance.
- Two or more Red Flags identified but robust Action Plans are in place to remove the Red Flags or mitigate them.

**Red** if the following applies:

- Action Plans to remove or mitigate the risk(s) presented by one or more Red Flags are either not in place, not robust or not on track

### 3. Self Assessment Process

- 3.1. KPMG were invited to the Board at its meeting in June to provide an overview of the process.
- 3.2. At the Board's seminar in July, the Company Secretary gave a further overview of the process of self assessment.
- 3.3. The Board considered each of the five elements of the Board Governance Memorandum in some detail, challenging the proposed assessment and seeking assurance in relation to evidence.
- 3.4. Directors were asked to consider whether any of the Red Flags were applicable to the Trust Board, whether there are any gaps in complying with the stated good practice, and then what action should be taken to address the Red Flags and identified gaps.
- 3.5. Some areas of minor clarification were raised which have been translated into the final version provided for Independent review by the 22 July 2013, which is attached to this report.

### 4. Case Studies

- 4.1. As part of the submission document, the Trust Board is asked to prepare a number of case studies including:
  1. Performance failures in the areas of quality;
  2. Performance failures in the areas of finance;

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3. Organisational culture change; and
4. Organisational strategy.

4.2. These were discussed at the Board Seminar and have been further developed with the support of the Executive Director leads and are presented at the end of the submission document in Appendix 1.

### 5. Summary of Self-Assessment

5.1. The self-assessment by the Company Secretary and endorsed by the Board has identified a number of Red Flags and other areas where the Trust does not comply with good practice. Actions have been identified in all areas, with named leads and completion dates.

5.2. It should also be highlighted that a significant amount of good practice has also been identified and the overall picture is of a well governed Board operating effectively.

### 6. Recommendation

6.1. Having approved its submission in private seminar session, the Board is invited to formally **ADOPT** the Board Governance Memorandum in order that it might be signed by the Chair and Chief Executive and submitted formally.

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