



# **GOVERNANCE STRATEGY**

**October 2013**

## 1. Introduction

1.1. The Central Manchester University Hospitals NHS Foundation Trust believes that the role of the governing body is pivotal to the success of the Trust. We believe that an effective governing body is vital not only to provide legal accountability, but to make sure our organisation keeps working to its \*vision and remains accountable to the community it serves.

\*CMFT aims to become the leading integrated health, teaching, research and innovation campus in the NHS and to position the Trust on an international basis alongside the major biomedical research centres, as part of the thriving city region of Manchester – with its strong emphasis on economic regeneration, science and enterprise.

1.2. The purpose of this document is to describe the governance arrangements by which the Board will lead the Central Manchester University Hospitals NHS Foundation Trust, and document the mechanisms by which the Board will ensure that the staff employed within the Trust are appropriately trained and supported to operate effectively and deliver the organisational objectives to ensure that the systems and policies in place are reviewed for fitness for purpose in minimising any gaps in assurance, through the Assurance Framework.

1.3. The Assurance Framework describes the organisational key priorities, identifies potential risks to their achievement and gaps in assurance on which the Board relies. It will be considered in conjunction with the Trust's Risk Register which provides detail on operational risks and action plans to address these. This framework provides the structure against which the Board can fulfil its responsibilities and will be reviewed on a quarterly basis at each Board meeting.

1.4. Monitor, the Independent Regulator requires Chief Executives of NHS Foundation Trusts, as Accounting Officers, to sign an assurance statement, the Annual Governance Statement on behalf of the Board to assure 'stakeholders' on the robustness of internal financial controls. Stakeholders include patients, relatives and carers, the public and partner NHS organisations. This duty expands beyond financial assurance to the production of an Annual Governance Statement covering wider organisational controls, including risk management.

1.5. The 1999 Health Act and subsequent Acts (2006 and 2012) placed a statutory duty of quality upon NHS Trusts. Clinical governance is the framework by which the Trust fulfils this duty.

1.6. The Trust has developed integrated governance further to ensure that decision-making is informed by intelligent information covering the full range of corporate, financial, clinical and information governance. Integrated governance enables the Board of Directors to take a holistic view of the organisation and its capacity to meet its legal and statutory requirements and clinical, quality and financial objectives.

1.7. The Governance Strategy and Assurance Framework aim to achieve convergence of the elements of governance.

## 2. The Role of the Board

### 2.1. The Board of Directors

Our Board is collectively responsible for the exercise of the powers and the performance of the Trust and:-

- Ensures that the Trust complies with its licence, constitution, mandatory guidance and contractual and statutory duties.
- Provides effective and proactive leadership of the Trust within a framework of processes, procedures and controls which enable risk to be assessed and managed.
- Sets the Trust's strategic aims, taking into consideration the views of the Council of Governors.
- Ensures the quality and safety of healthcare services, education and research delivered by the Trust, applying the principles and standards of clinical governance set out by the Department of Health, the Care Quality Commission and other relevant NHS bodies.
- Sets the Trust's vision, values and standards of conduct and ensures its obligations to its members, patients and other stakeholders are understood, communicated and met.

2.2. NHS Foundation Trust Code of Governance (updated March 2010). The Code of Governance is issued by Monitor, the Independent Regulator. NHS Foundation Trusts are legal entities created by the NHS Act 2006. The legislation constitutes Foundation Trusts with a new governance regime that is fundamentally different from NHS Trusts. NHS Foundation Trust Boards of Directors have more autonomy to make financial and strategic decisions. They also have a framework of local accountability through members and a Council of Governors which has replaced central control from the Secretary of State.

The Code of Governance sets out a common overarching framework for the corporate governance of NHS Foundation Trusts and complements the statutory and regulatory objectives on them.

2.3. In ensuring that the organisation consistently follows the principles of good governance applicable to NHS Foundation Trusts organisations, the Board has responsibility for:

- Establishing audit and remuneration committees as formal sub –committees of the Board (Code of Governance). The Audit Committee is the scrutineer of all other Board Committees and acts on delegated responsibility from the Board of Directors.
- Ensuring that high standards of corporate governance and personal behaviour are maintained in the conduct of the business of the organisation (Codes of Conduct and Governance).

- Establishing a Board sub-committee for overseeing clinical effectiveness.
- Establishing a Board sub-committee for Clinical Effectiveness Scrutiny.
- Establishing a Board sub-committee for overseeing risk management.
- Establishing a Board sub-committee for Financial Scrutiny.
- Designating a senior clinician for ensuring systems are in place to support clinical quality (Health Service Circular 1999/65).
- Ensuring the Trust complies with the requirements of the Health and Safety at Work Act 1974 and related regulations.
- Ensuring the Trust meets its statutory duty to involve and consult patients and the public in service planning and operation and the development of proposals for changes (Section 11, Health and Social Care Act 2001 and subsequent Acts 2006, 2012).
- Ensuring there are Standing Orders and Standing Financial Instructions in place. (The Trust's Standing Orders and Standing Financial Instructions are posted on the Trust's Intranet.)
- Identifying the types of decisions reserved for the Board and adopting a scheme of delegation for other decisions. (Also available on the Trust's Intranet).
- Agreeing the vision, values, key priorities and targets of the Trust.
- As part of its regular review of the Assurance Framework, conducting a review of the effectiveness of the systems of internal control at least annually, including the robustness of the internal and independent assurance mechanisms.
- Ensuring the organisation is fit for purpose, i.e. that it has the capability and capacity to meet its priorities and deliver appropriate outcomes.

#### 2.4. In fulfilling these responsibilities the Board:

- Implements the Governance Strategy and Assurance Framework outlined in this document.
- Ensures the systems of internal and independent assurance on which it relies will allow it to submit the Annual Governance Statement with confidence.
- Identifies how individual Board members will participate in the Assurance Framework.
- Identifies the type and frequency of information it requires from its members, sub-committees and senior management.

- Utilises best practice and national governance standards and processes to ensure robust systems are in place and embedded in the day-to-day functions of the Trust, including those associated with the Clinical Negligence Scheme for Trusts (CNST) and Care Quality Commission Standards.
- Has established a formal process for monitoring the implementation of actions to address gaps in the Assurance Framework.

### **3. Role of the Trust Chairman**

3.1. The role of the Trust Chairman is to: -

- Lead the Board, ensuring its effectiveness on all aspects of its role and setting its agenda.
- Ensure the provision of accurate, timely and clear information to Board members.
- Ensure the Board of Directors and the Council of Governors work together effectively.
- Ensure effective communication with staff, patients, the public and other stakeholders.
- Arrange regular evaluation of the performance of the Board, its sub-committees and individual directors.
- Facilitate the effective contribution of non executive directors and ensure constructive relationships between executive and non executive directors and between the Board of Directors and the Council of Governors.

### **4. Role of the Non Executive Directors**

4.1. Non executive directors have a particular responsibility for encouraging the cultural change that is needed to ensure the full engagement of patients, staff and local communities. Their responsibilities cover: -

- *Standing Orders and Standing Financial Instructions* - provide a regulatory business framework for the Trust in which to exercise its duties. All staff members are bound by them and should have easy access to a copy.
- *Strategy* - by constructively challenging and contributing to the development of strategy.
- *Performance* - through scrutiny of the performance of management in meeting agreed goals and priorities and monitoring of the reporting of performance.

- *Risk* - by satisfying themselves that financial and other information is accurate and that financial controls and systems of risk management are robust and defensible.
- *People* - by determining appropriate levels of remuneration of executive directors and having a prime role in appointing, and where necessary removing, senior management and in succession planning.
- *Accountability* - Non executive directors are appointed and held to account for the performance of the Trust (both collectively and individually) by the Governors. They have a responsibility for ensuring the Board acts in the best interests of the public and is fully accountable to the Governors and the public for the services provided by the Trust and for the public funds it uses.

## **5. Role of the Chief Executive**

5.1. The Chief Executive helps to create the vision for the Board and the Trust to modernise and improve services. He is responsible for ensuring that the Board is empowered to govern the Trust and that the priorities it sets are accomplished through effective and properly controlled executive action.

5.2. The Chief Executive's roles and responsibilities cover; -

- Leadership - by helping to create the vision for the Board and the organisation to modernise and improve services, with the skill to communicate this vision to others and the ability to empower them to deliver the Trust's agenda.
- Delivery planning - by ensuring that the Board has sufficient information to monitor the Trust's Annual Plan and other priorities and that they are based on realistic estimates of physical, workforce, financial capacity and patient and public involvement.
- Performance management - by ensuring that the Board's plans and priorities are implemented and that progress towards implementation is regularly reported to the Board using accurate systems of measurement and data management. By agreeing the objectives of the senior executive team and reviewing their performance.
- Governance - by ensuring that the systems on which the Board relies to govern the Trust are effective. This will enable the Chief Executive to sign the Annual Governance Statement on behalf of the Board, to state that the systems of governance, including financial governance and risk management, are properly controlled.
- Accountability - to the Board for meeting its objectives and, as Accounting Officer, to Monitor, the Independent Regulator for the performance of the Trust.

As Accounting Officer the Chief Executive has responsibility for ensuring that the Trust meets all its statutory and legal requirements and adheres to

guidance issued by Monitor in respect of governance. This responsibility encompasses the elements of financial control, organisational control, clinical governance, Health & Safety and risk management.

5.3. Whilst this overall responsibility is maintained, responsibilities for some aspects of governance have been delegated to executive directors as follows:

Clinical Governance - Medical Director  
Financial Control – Executive Director of Finance  
Operational Performance – Chief Operating Officer.

5.4. In order to fulfil his responsibilities for governance, the Chief Executive has agreed input into relevant committees with the committee chairmen, and receives minutes of these committee meetings and, where not a member of the committee, has a process for meeting the committee chairmen on a regular basis.

## **6. Role of the Executive Team**

6.1. The executive team is accountable to the Chief Executive for key functions and for ensuring effective governance arrangements are in place in their individual areas of responsibility and in those key functions, supported by consistent evidence.

6.2. Collectively, the team is responsible for providing the systems, processes and evidence of governance.

6.3. The team is responsible for ensuring that the Board, as a whole, is kept appraised of progress, changes and any other issues affecting the Assurance Framework.

## **7. Role of the Medical Director**

7.1. The Medical Director is accountable to the Chief Executive for the strategic development of:

- Patient Safety
- Clinical effectiveness
- Organisational controls – to meet national clinical standards, for example Care Quality Commission Standards.

7.2. He ensures, on behalf of the Chief Executive, that the Trust has in place the systems and structure to meet its statutory and legal responsibilities relating to his area of accountability and that these are based on good practice and guidance from Monitor, the Department of Health and other external advisory bodies.

- 7.3. The Medical Director ensures the Board receives the relevant information/annual reports required in the Board's information schedule.
- 7.4. He will ensure that the Chief Executive and the Board are kept apprised of progress and any changes in requirements, drawing to their attention shortfalls or omissions which will/may impact adversely on the Board's ability to fulfil its governance responsibilities.
- 7.5. The key responsibilities of the Medical Director are outlined in the post's job description.
- 7.6. As part of the Trust's performance framework the Medical Director oversees the review/monitoring process covering divisional performance in clinical effectiveness and patient safety.
- 7.7. The Medical Director is the nominated Executive with responsibility for Safeguarding Children, is Chair of the Trust Child Protection Group.
- 7.8. The Medical Director is the nominated Executive with responsibility for outstanding organ retention issues and Human Tissue Act (HTA) compliance.

## **8. Role of the Chief Nurse/Deputy Chief Executive**

- 8.1. The Chief Nurse/Deputy Chief Executive will act as the Deputy Chief Executive when required.
- 8.2. The Chief Nurse/Deputy Chief Executive is accountable to the Chief Executive for the strategic development of Nursing and Midwifery.
- 8.3. The Chief Nurse/Deputy Chief Executive is the nominated Executive (Director of Infection Prevention and Control) with responsibility for Infection Control.
- 8.4. The key responsibilities of the Chief Nurse/Deputy Chief Executive are outlined in the job description for the post.
- 8.5. She ensures, on behalf of the Chief Executive, that the Trust has in place the systems and structure to meet its statutory and legal responsibilities relating to her area of accountability and that these are based on good practice and guidance from Monitor, the Department of Health and other external advisory bodies.

8.6. She will ensure that the Chief Executive and the Board are kept apprised of progress and any changes in requirements, drawing to their attention shortfalls or omissions which will/may impact adversely on the Board's ability to fulfil its governance responsibilities.

## **9. Role of the Executive Director of Finance**

9.1. The Executive Director of Finance is accountable to the Chief Executive for the strategic development and operational management of the Trust's financial control systems. He is, with the Chief Executive, responsible for ensuring that the statutory accounts of the Trust are prepared in accordance with Monitor's and Treasury requirements.

9.2. The Executive Director of Finance ensures that, on behalf of the Chief Executive, the Trust has in place systems and structures to meet its statutory and legal responsibilities relating to finance, financial management and financial controls. He ensures the Trust has in place Standing Orders and Standing Financial Instructions, including a Reservation of Powers and Scheme of Delegation, which accord with the Monitor model and takes responsibility for the financial management aspect of internal controls.

9.3. As part of the Trust's performance framework the Executive Director of Finance, together with the Chief Operating Officer oversees a 'contract' between the Board and each Clinical Division based on the financial objectives and targets agreed by the Board and maintains the review/monitoring process. The outcome of the review / monitoring process will contribute to the Board's Assurance Framework.

9.4. The Executive Director of Finance ensures the Board receives the relevant information/annual reports according to the Board's information schedule. He will keep the Board apprised of any changes in requirements and draw to their attention shortfalls or omissions which will/may adversely impact on the Board's ability to fulfil its governance responsibilities.

9.5. The key responsibilities of the Executive Director of Finance are outlined in the job description for the post.

9.6. He ensures, on behalf of the Chief Executive, that the Trust has in place the systems and structure to meet its statutory and legal responsibilities relating to his area of accountability and that these are based on good practice and guidance from Monitor, the Department of Health and other external advisory bodies.

9.7. The Executive Director of Finance is accountable to the Chief Executive for ensuring effective overall management of the Trust's contracting, clinical information and operational strategic planning functions.

9.8. He is responsible for the provision of assurance to the Board that it is meeting the required standards set out in Monitor's Compliance Framework.

9.9. He will be responsible for the implementation, management and development of the Trusts Informatics Strategy.

## **10. Role of the Executive Director of Human and Corporate Resources**

10.1. The Executive Director of Human and Corporate Resources is accountable to the Chief Executive for ensuring the Trust has in place systems of staff management which meet legal and statutory requirements and are based on best practice and guidance from Monitor and other external advisory bodies. Working closely with other directors he maintains a system of monitoring the application of the Trust's Human Resources Strategy, policies and procedures and, on behalf of the Board, ensures it receives the relevant information/annual reports according to the Board's information schedule.

10.2. The Trust's Organisational and Development Department falls within the remit of the Executive Director of Human and Corporate Resources. As such she works with relevant directors to ensure the system in place meets the educational needs of staff highlighted through the Trust's financial controls, organisational controls, risk management and clinical governance processes.

10.3. The key responsibilities of the Executive Director of Human and Corporate Resources are outlined in the job description for the post.

10.4. She will ensure that the Chief Executive and the Board are kept apprised of progress and any changes in requirements, drawing to their attention shortfalls or omissions which will/may impact adversely on the Board's ability to fulfil its governance responsibilities.

## **11. Role of the Chief Operating Officer**

11.1. The Chief Operating Officer is accountable to the Chief Executive for ensuring that the Trust operates sound systems of operational performance ensuring the delivery of efficient and effective services across the Trust, working in conjunction with the Executive Director of Finance.

11.2. The Chief Operating Officer must ensure that clinical services are delivered against plan, meeting all national targets, and within the available financial resources.

11.3. The Chief Operating Officer has responsibility for the following four key elements:

- Operational leadership of all Clinical Divisions and Directorates
- Performance management and delivery of all national and local targets
- Modernisation and process redesign of Trust clinical and business processes
- Business continuity management (including emergency planning).

11.4. The key responsibilities of the Chief Operating Officer are outlined in the job description for the post.

- 11.5. She will ensure that the Chief Executive and the Board are kept apprised of progress and any changes in requirements, drawing to their attention shortfalls or omissions which will/may impact adversely on the Board's ability to fulfil its governance responsibilities.

## **12. Role of Clinical Heads of Division and Divisional Directors**

- 12.1. Clinical Heads of Division and Divisional Directors are responsible for ensuring that, within their area of responsibility, staff are aware of, and comply with, the processes for assuring sound governance.
- 12.2. They will continue to develop local systems and structures to support the various governance strategies, policies and procedures and ensure these are monitored and audited.
- 12.3. As part of the Trust performance framework, the Clinical Heads of Division and Divisional Directors agree with the Executive Director of Finance, the Chief Nurse/Deputy Chief Executive and the Medical Director the objectives and targets for their service based on those agreed by the Board. These are cascaded through the service as part of the Trust's individual objective setting, appraisal and performance development processes and divisional performance reviews.
- 12.4. The Clinical Heads of Division and Divisional Directors ensure their services provide the required information to support the assurance process and draw to the attention of the appropriate Board director areas of shortfall or omissions which will/may adversely impact on the Board's ability to fulfil its governance responsibilities and which impact upon the Assurance Framework.
- 12.5. The clinical divisions and service directorates and departments are supported and facilitated to meet their governance requirements by the various corporate departments.
- 12.6. They will ensure that the Chief Executive and the Board are kept apprised of progress and any changes in requirements, drawing to their attention shortfalls or omissions which will/may impact adversely on the Board's ability to fulfil its governance responsibilities.

## **13. Staff**

- 13.1. This framework is aimed at achieving a holistic approach to governance, which engages all staff members.
- 13.2. All staff members employed by this Trust have a responsibility to perform their duties in accordance with the values, policies and procedures of the organisation, national good practice standards and to contribute to the achievement of the Trust's priorities and targets.
- 13.3. In the context of this framework all staff members are expected to fulfil their responsibilities as identified within all supporting strategies.

## 14. Council of Governors

14.1. As part of the formal structure of our organisation, our Governors will appoint or remove the Chair and other Non Executive Directors. They will decide the remuneration and allowances and other terms and conditions of office of the Non Executive Directors and they will approve an appointment, by the Non Executive Directors, of the Chief Executive.

14.2. Importantly our Governors will be the conduit to our members, articulating their needs and concerns. Our Governors will be a resource for our members and our community, disseminating information and we are particularly keen to support our Governors in undertaking their responsibilities in areas such as championing the improvements in staff health and wellbeing, patient experience and acting as a good corporate citizen. Equally, we view our Governors as a resource to our Board of Directors by assisting in the development of ideas, advising on some issues and acting as the Trust's eyes and ears in the community. This will ensure that the Board is fully briefed on the views of members and other key stakeholders and that these views are taken into account before important decisions about strategy or service delivery are taken by the Board.

14.3. In summary our Governors will have four distinct roles: -

**Holding the Board to Account:** – Reviewing the performance of the Trust across patient safety, clinical effectiveness, patient experience, finance and productivity.

**Advisory:** - Providing a steer on how the Trust can carry out its business to satisfy the needs of its members and the wider community.

**Guardianship:** - Acting as guardians to ensure that the Trust operates in accordance with its purpose and authorisation and as 'trustees' for the welfare of the organisation.

**Strategy:** - Advising on the longer term direction of the Trust so that the Board of Directors can develop effective policies

## 15. Trust Secretary

15.1. The Secretary's functions include:

- Acting as Secretary to the Council of Governors and the Board of Directors, and any committees
- Summoning and attending all members' meetings, meetings of the Council of Governors and the Board of Directors, and keeping the minutes of those meetings
- Keeping the register of members and other registers and books required by the constitution to be kept
- Having charge of the Foundation Trust's seal

- Publishing to members in an appropriate form information which they should have about the Foundation Trust's affairs
- Preparing and sending to Monitor and any other statutory body all returns which are required to be made
- Minutes of every members' meeting, of every meeting of the Council of Governors and of every meeting of the Board of Directors are to be kept. Minutes of meetings will be read at the next meeting and signed by the Chairman of that meeting. The signed minutes will be conclusive evidence of the events of the meeting.
- The Secretary is to be appointed and removed by the Board of Directors.

## **16. Organisational Framework**

### **16.1. Core Governance Committees Structure**

The core committees integral to the governance framework for the Trust are identified in Appendix 1

The Committee Structure had been revised to strengthen the assurance processes.

The Chief Executive and relevant director, on behalf of the Board, will ensure the structure is in place and each committee has complementary terms of reference which are reviewed annually as part of the assurance process.

The terms of reference identify the reporting structure for the committee and its membership.

A copy of the terms of reference of each committee will be held centrally by the Secretary to the Board, available to staff through the Trust intranet and, on request, be made available to partner organisations and the public.

#### **Supporting Policies and Strategies**

This document provides the overarching framework for governance within the Trust. It is supported by the following policies and strategies:

- Annual Plan
- Assurance Framework
- Standing Orders and Standing Financial Instructions
- Reservation of Powers and Scheme of Delegation
- Clinical Governance Development Plan
- Risk Management Strategy
- Health & Safety Policy
- Infection Control Policy
- Research and Development Strategy
- Learning and Development Strategy
- Patient and Public Involvement Strategy
- Clinical Audit strategy
- Human Resources Strategy

## **17. Monitoring of the Strategy**

The strategy will be monitored by assessing whether the Board priorities have been met through measuring performance against the Board Assurance Framework. Further monitoring will take place through internal and external audit and by external accreditation. The production of an annual report will also ensure that the strategy is monitored. The strategy will also be communicated to the members and Governors of the Trust.

# Appendix 1 Governance Arrangements

