

BNSSG CCG Governing Body Meeting

Date: Tuesday 1st December 2020

Time: 1.30pm

Location: Virtual meeting. Details within the calendar invite

Agenda Number :	9.2
Title:	Proposal for Annual Governance Reveiw
Purpose: discussion and approval	
Key Points for Discussion:	
<p>The potential scope of a governance review:</p> <ul style="list-style-type: none"> • Leadership and clarity of roles • Culture and behaviours • Balance between strategy and operation matters • Treatment of safety, quality, performance and finance • Quality of reporting and information • Transparency and probity • Decision making • Delegations and accountability • Assurance and supporting governance structure • Engagement with stakeholders and staff • Composition and succession planning • Diversity • Support to the Governing Body and committees <p>The delivery of a three-year programme of review with one annual review conducted by an external body and two annual reviews conducted using internal resources. The internal reviews could be used to focus on specific themes identify for further exploration in the external review. An external body would conduct the first review to provide a baseline. Delivering the first governance review within to the final quarter of 2020/21 to enable completion for April 2021.</p>	
Recommendations:	<p>The Governing Body is asked to approve:</p> <ul style="list-style-type: none"> • a three year programme of annual governance reviews • the scope for a programme of governance reviews • the commissioning of an external body to complete the first review • the route to market



	<ul style="list-style-type: none"> • the proposed timescale for the completion of the review, and • delegate the approval of the terms of reference of the external governance review to the Chair of the Governing Body and Chief Executive
Previously Considered By and feedback :	The Audit, Governance and Risk Committee considered the proposal for an annual governance and recommended it: was discussed with the executive team and put to the governing body for approval
Management of Declared Interest:	The Governing Body and committees receive a register of members' declared interests as a standing item. There are no declared risks relating the proposed annual governing body review; where a potential conflict arises the CCG policy for the management of conflicts of interest will be followed and the most appropriate course of action followed. Measures will be taken in line with national guidance and CCG policy during the procurement to ensure the management of declared interests. These are described in the paper.
Risk and Assurance:	There are no direct risks. The review would be a source of assurance to the Governing Body. The result of the review would form part of the CCG Annual Governance Statement
Financial / Resource Implications:	The commissioning of an external organisation to complete a review will have financial implications. Costs will be met from running costs. The cost envelop places the procurement below the £50,000 limit for a competitive quotation procurement process.
Legal, Policy and Regulatory Requirements:	There are no requirements to conduct an annual review, however it is best practice. The result of the review would form part of the CCG Annual Governance Statement.
How does this reduce Health Inequalities:	The CCG has a legal duty to reduce health inequalities. The scope of the review may include Governing Body oversight of health inequalities
How does this impact on Equality & diversity	The CCG has a legal duty to reduce inequalities. The scope of the review may include Governing Body oversight of equalities and diversity
Patient and Public Involvement:	The CCG has a legal duty to secure public involvement in the planning, development and consideration of proposals for changes and decisions affecting commissioning arrangements. The scope of the review may include Governing Body oversight of patient and public involvement
Communications and Engagement:	The scope of the review may include reference to engagement with stakeholders
Author(s):	Sarah Carr, Corporate Secretary
Sponsoring Director	Sarah Truelove, Chief Financial Officer

Agenda item: 9.2

Report title: Proposal for Annual Governance Review

1. Background

The Audit, Governance and Risk Committee has recommended a programme of annual governance reviews that encompasses the Governing Body and CCG committees. It is best practice that Governing Bodies review, at least annually, their effectiveness and the UK Corporate Governance Code (FRC 2018) highlights the importance of formal, rigorous annual evaluation of the performance of the board. The merger of three CCGs formed the CCG in 2018 and following a development period, it would be beneficial to establish an annual programme of review. A review will provide an understanding of the particular impact of the Covid-19 pandemic on governance arrangements and support the CCG as the Healthier Together Partnership becomes an Integrated Care System.

2. Purpose and Scope

A review of governance, that includes Governing Body effectiveness, supports:

- “Formulating strategy for the organisation.
- Ensuring accountability by: holding the organisation to account for the delivery of the Strategy; by being accountable for ensuring the organisation operates effectively and with Openness, transparency and candour and by seeking assurance that systems of control are robust and reliable.
- Shaping a healthy culture for the board and the organisation”

(The Healthy NHS Board 2013 - Principles for Good Governance NHS Leadership Academy)

To ensure a review of governance supports and improves effectiveness its scope must cover the elements that enable an organisation through its Governing Body and committees to exercise its role. There are a range of resources outlining the possible scope of a review of effectiveness, including guidance issued by NHS Improvement, the FRC Guidance on Board effectiveness (2018) <https://www.frc.org.uk> , the Good Governance Institute Self-Assessment Maturity Matrix (appendix 1) and guidance developed consultancy companies. There is a significant degree of commonality between these resources with shared themes. The Audit, Governance and Risk Committee considered the scope of a governance review and identified the following potential scope:

- Leadership and clarity of roles
- Culture and behaviours
- Balance between strategy and operation matters
- Treatment of safety, quality, performance and finance
- Quality of reporting and information
- Transparency and probity
- Decision making
- Delegations and accountability
- Assurance and supporting governance structure

- Engagement with stakeholders and staff
- Composition and succession planning
- Diversity
- Support to the Governing Body and committees

The Governing Body is asked to review the scope and highlight any amendments and additions.

3. Potential methodologies and delivery of review

The Audit, Governance and Risk Committee considered the methods for conducting reviews including:

- Desk top review of key documents including existing audit reports
- A qualitative survey issued to Governing Body members and attendees
- A self-assessment against a recognised standard such as the UK Corporate Governance Code, the HFMA Audit Committee Handbook, the Good Governance Institute Self-Assessment Maturity Matrix, or a mix of these
- Semi-structured interviews with Governing Body members and attendees
- Observation of meetings

The Committee considered the benefits of commissioning an external review, which included independence and different perspectives. It was noted there would be cost implications. The Committee's view was that an externally conducted review would be a positive contribution, providing assurance to the Governing Body. The Committee proposed that a three-year programme of review was recommended to the Governing Body with one annual review conducted by an external body and two annual reviews conducted using internal resources. The internal reviews could be used to focus on specific themes identify for further exploration in the external review. The Committee felt commencing with an external review would provide a baseline for further exercises.

The Committee considered the timescale for the first review and agreed it would be appropriate for the review to be completed for April 2021.

4. Timetable and procurement method

The CCG will work with the CSU procurement team to procure an independent reviewer. A draft specification and evaluation template is attached (appendix 2). The estimated value of the review places it within the CCG Standing Financial Instructions (SFIs) threshold for a competitive quotation process. The threshold is above £5,000 and below £50,000. The CCG SFIs require the submission of at least three competitive quotations from potential suppliers based on specifications and or terms of reference developed by the CCG. It is proposed that a panel is established to review and evaluate the quotations. Membership of this panel will include the Chief Executive, Chief Financial Officer and Chair, Audit, Governance and Risk. The SFIs allow the Chief Executive (or nominated officer) to select the quote, which gives the best value for money. If this is not the lowest quotation the then the choice made and reasons why must be recorded in a permanent record.

In line with national guidance and CCG policy on the management of declared interests, panel members will complete Conflicts of Interest and Confidentiality forms prior to receiving any sensitive documentation. Subject to Governing Body approval the CCG will, supported by the CSU, use an appropriate national procurement frameworks to secure suitable quotations.

Subject to Governing Body approval the proposed timetable for the review is:

action	by
Governing Body approval	1 st December 2020
finalise procurement papers	December 2020
Procurement of independent reviewer commence	December 2020
Procurement panel	Early January 2021
contract award	January 2021
Agree detailed terms of reference	January 2021
Desk top review and fieldwork	January – March 2021
Review report finalised and delivered to the CCG for presentation by the supplier at an agreed date	16 th April 2021

5. Finance/resource implications

The commissioning of an external organisation to complete a review will have financial implications. Costs will be met from running costs. A cost envelope with a ceiling estimate of £30,000 is recommended. This places the procurement below the £50,000 limit for a competitive quotation procurement process. The ceiling estimate is based on comparisons with 'well-led' exercises carried by acute trusts, which were costed at approx. £50,000, and reflects the different level of complexity involved.

6. Next steps

Subject to Governing Body approval the next steps are:

- Using the scope identified commission an external body to conduct the first annual review
- Develop and agree a detailed terms of reference with the Chairs of the Governing Body and Audit Committee and the Chief Executive and Chief Finance Officer.
- Approval of terms of reference by the Chair of the Governing Body and Chief Executive on behalf of the Governing Body

Good governance themes: HQIP/Good Governance Institute Self Assessment Maturity Matrix

(from the Good Governance Handbook published by HQIP 2015)

To use the matrix: identify with a circle the level you believe your organisation has reached and then draw an arrow to the right to the level you intend to reach in the next 12 months.  → 

Progress level 0-6 →	0 No	1 Basic level – principle accepted and commitment to action	2 Early progress in development	3 Firm progress in development	4 Results being achieved	5 Maturity – comprehensive assurance in place	6 Exemplar
Key elements							
Clarity of purpose, roles and behaviours	No	The members of the board/governing body have agreed that a formal and agreed statement of organisational purpose, values and priorities needs to be developed and have plans for doing so	National targets and local priorities have been agreed with stakeholders. Purpose and vision is affirmed in public and internal or partnership documents	The board has agreed ethical values combined with a robust mechanism for adding and removing services and/or care settings against these	Evidence that national targets and local priorities are being met. We have regular reviews of strategy	We have an annual board debate on organisational purpose, and how in-year achievements or issues impact on this	Success has allowed both the board and the organisation to redefine/extend roles
Application of principles	No	The board/governing body is actively reflecting on how they work and how governance is structured, and is testing whether what is in place makes the best use of the underlying principles	As a result of discussion around the principles, marginal changes have been made to the governance of the organisation	The opportunity of the annual review of governance and developing the annual cycle of board/governing body business has been used to test and if needs be comprehensively change the governance arrangements	Using the principles has helped board/governing body members to better understand their roles and governance working. Governance activities that provide poor value and poorly meet the principles have been dropped	As the organisation changes, the governance principles have been a sound bedrock to change the governance arrangements to match new challenges, but maintaining the soundness and integrity of the governance grip	Other organisations have not copied the structure and systems of the organisation, but have been helped to understand the principles and encouraged and empowered to do the same for themselves
Leadership and strategic direction	No	The roles of all board and governing body members are clear, agreed and specified	A board /governing body succession plan is in place for both executive and non-executive directors/lay members. Diversity at board level is valued	We have an induction and development programme in place for board and aspirant board members. Diversity is embedded in the approach	The organisation is identified by partner organisations as a leader in the local health and wellbeing system	The board/governing body is leading, rather than following, agendas	The board/governing body is recognised within the organisation and with partners for joined-up decision taking and adding value
Effective external relationships – stakeholders, patients and community	No	Our engagement and consultation policies are in place and are consistent with the NHS Constitution. We recognise service users, staff and the public as resource to help focus, design and deliver service improvement	We have a systematic system of accountability to the local community in place. We have a systematic system of accountability to the local community in place	We have effective clinical engagement in place, and evidence this by our clinicians regularly surfacing improvement initiatives that are put into operation	Effective partnership working and governance between organisations is in place and can be evidenced through improved outcomes	A review of the NHS Constitution shows our organisation is trusted by both service users and the local public	Our work on engagement has led to tangible operational and strategic benefits, and we have been sharing how we achieved these with other organisations

Effective internal relationships – members, service users, staff	No	Staff and other internal stakeholder strategies are developed and these include feedback mechanisms	The board/governing body receives reports about the management of internal stakeholder engagement, and this includes actually feedback as well as descriptions of what's been done	The organisation characterises itself at being good at internal engagement, and informal feedback from new staff and leavers confirms this. Managers naturally want to share problems with staff to best solve them	Members and governors attend events put on for them and there are examples of them being effective ambassadors for the organisation	Feedback from third parties confirms that internal engagement is working well at the organisation. Governor /governing body elections tend to be competitive and reputational auditing finds that internal engagement is an asset	We can demonstrate that we are an employer of choice
Transparency and public reporting	No	All boards members are clear about when to absent themselves from board discussions	The conflicts of interest register is updated by the board and staff monthly. Identified conflicts are reviewed and any appropriate actions taken	The board has agreed how probity will be expected in all partners and contractors. This written into contracts and agreements. The board/governing body understand integrated reporting	Identified conflicts and inappropriate behaviour are properly considered and the board is confident that any appropriate actions are followed through	Reputational risk is routinely considered by the board in its deliberations. Integrated reporting is used. Evidence is sound for perceptions of transparency from external stakeholders	The organisation has sought and acquired recognition for its good governance practice. Integrated reports are copied by others as best practice
Systems and structures: quality and safety, at the boundary	No	Efficiency plans for workforce, infrastructure and partnerships are built into contracts and initiatives	A <i>best value</i> or similar systematic approach has been established. Any alternative provision required has been identified	The organisation has agreed reduction targets agreed for iatrogenic harm and wasted resources	We have evidence of year on year improved productivity in services, workforce and estate	Cash released from quality and safety programmes can be identified	The organisation is able to invest significant resources in innovations and new ideas
Challenge on delivery of agreed outcomes	No	The board/governing body has agreed how outcomes measures will be used as part of performance reports, including how benchmark data will be incorporated	Outcomes data is routinely used and reports have managed to drop other structure or process data from standard reporting	The organisation has <i>no-surprises</i> around outcome data when inspected or otherwise challenged	The board/governing body has been able to see how management has used outcome data to identify or anticipate issues and to address these	Board/governing body members on both the executive and non-executive/lay member side report confidence in using outcomes and have found them a useful way of working through constrictive challenge around healthcare services	The organisation is starting to provide benchmark data to others, and has contributed to the outcome movement by how outcome data is used
Risk and compliance	No	We have a process to prospectively evaluate risk, such as a risk committee with this remit. Assurance framework is organised to promote focused discussion on key business issues	Our risk appetite has been discussed and agreed. This has been built into our plans. Assurance framework covers activity, cost and quality. Information and assurance are aligned to targets, standards and local priorities	Continuity plans are regularly tested. The board uses scenario or similar exercises to develop joint understanding of risk and opportunities. Control mechanisms are in place for all elements of the assurance framework. Internal and clinical audit provides dynamic assurance	We systematically evaluate serious service failures elsewhere, and the board is engaged in scenario tests or discussions. A high degree of risk sensitivity can be demonstrated throughout across the organisation. This is reviewed by the board	We can demonstrate that we respond in timely fashion to the unexpected. An annual audit of follow-up to Serious Incidents, other incidents and complaints come to the board. The board assures itself that the assurance framework is balanced and reflects priority issues	The board is confident it can respond in timely fashion to serious crises, should the need arise. The board is confident that it has intelligent analysis and assurance across the health economy
Organisational effectiveness: adding value	No	Examples of better working practices are being adopted. Routine review of governance mechanisms is agreed. Personal development plans are agreed for key staff and governing body members	The board/governing body has reviewed their own practices and made improvements to their work. Staff and clinical leader development planning is the norm	The annual cycle of business and the assurance framework are systematically used for the board/governing body to check that it adds tangible value	There are many examples of how the board/governing body has led improvements to the effective running of the organisation and the impact it achieves	Internal stakeholders confident of organisational effectiveness. External reviews of governance/organisational effectiveness are considered	The organisation can identify that it benchmarks in the upper decile for chosen elements of management effectiveness

Specification for an Independent Review of CCG Governance Arrangements

1. The aim of this review is to assess the effectiveness of the CCG's governance arrangements and to identify developmental actions in response. The scope of the review will cover:
 - Leadership and clarity of roles
 - Culture and behaviours
 - Balance between strategy and operation matters
 - Treatment of safety, quality, performance and finance
 - Quality of reporting and information
 - Transparency and probity
 - Decision making
 - Delegations and accountability
 - Assurance and supporting governance structure
 - Engagement with stakeholders and staff
 - Composition and succession planning
 - Diversity
 - Support to the Governing Body and committees
2. This review will deepen the CCG's understanding of its governance through objective and constructive review and challenge and will inform further targeted development work to secure and sustain the CCG's future performance as part of continuous improvement.
3. A supplier is required to lead, co-ordinate and deliver the review, through an informed, objective and constructive perspective and specialist input where required.
4. The review is expected to be completed no later than 16 April 2021.

Overview of requirements

5. The supplier shall undertake an external review of the CCG's governance functions.
6. The supplier will lead and co-ordinate the review, providing structure, quality assurance and consistency, and will provide feedback consolidating the opinions of review team members.
7. The supplier will agree the areas of focus with the CCG as part of the planning process which will align with the CCG's self-assessment.

Approach/method

8. The supplier shall conduct the review using a range of tools and approaches relevant to the CCG's needs and culture. This includes:
 - a. Planning the review, working with the CCG Corporate Secretary, the Chief Financial Officer, the Chair, the Chair for Audit, Governance and Risk and the Chief Executive;
 - b. Co-ordinating the review including all logistics, working with the CCG Corporate Secretary;
 - c. Research (e.g. external assessments by NHSE/I, staff survey results; the CCG's annual governance statement, and other relevant documents).

- d. Engagement (e.g. using on-to-one interviews, board and committee observation, stakeholder surveys, focus groups with internal and external stakeholders including CCG staff, providers and regulators, and/or other effective engagement methods).
- e. Prioritisation and action planning, working with CCG Corporate Secretary and the Board/executive team
- f. Report preparation and sign off, presentation and feedback to the CCG.

Report preparation and follow up

- 9. The supplier shall produce a report of the review for the CCG, which:
 - a. is in a format that has been agreed with the CCG at the start of the review;
 - b. is suitable for presentation, sharing or publication by the CCG;
 - c. is written in an accessible, objective and constructive way;
 - d. includes an assessment of the CCG's arrangements against the areas as identified to be subject to the review and prioritised recommendations based on the findings of this assessment;
 - e. has due regard for the use of person identifiable data and the need to respect confidentiality and data protection. If appropriate, a separate confidential report containing any person identifiable data should be provided.
- 10. The supplier shall brief the CCG on interim issues arising for consideration at the midpoint of the review
- 11. The supplier shall produce a draft of the report by 16th March 2021 to be reviewed by the CCG prior to finalisation of the report.

Sharing learning/duty of care

- 12. The supplier shall ensure that they facilitate learning, bringing in learning from other reviews they have undertaken, and signposting to good practice support and or advice where this is appropriate.

Supplier skills, experience and attributes

- 13. The supplier shall have the appropriate range of skills, knowledge and experience to undertake the review. This includes:
 - a. knowledge of the healthcare sector, the regulatory framework in which providers operate, and the internal and external challenges providers face, including in relation to working as part of complex health and care systems;
 - b. credibility and experience in carrying out governance reviews at healthcare settings; ideally the selected team will be multi-disciplinary with a broad range of skills relevant to all aspects of leadership and governance, such as strategic planning, quality governance, cultural assessment, organisational development and management information and analysis;
 - c. experience in supporting healthcare organisations to develop their governance with an understanding of continuous quality improvement and methodologies;
 - d. appropriate credibility and seniority to work particularly with Governing Body members, other senior leaders and key external stakeholders, and flexibility to work with staff at range of levels throughout the CCG;
 - e. experience in carrying out rigorous governance reviews, in healthcare or other comparable sectors;
 - f. commitment to helping the CCG address its key areas for development as part of continuous improvement.
- 14. The supplier's team shall be led by a suitably credible and qualified individual who will work with the CCG for the duration of the review.

15. The supplier must be suitably independent of the CCG's Governing Body. The CCG would prefer to avoid using a supplier who has completed audit or governance-related work for the CCG in the previous three years.

Timescales and contract management

16. The supplier shall complete the review by 16 April 2021 (including provision of finalised report).
17. The supplier shall attend a meeting of the Governing Body in May 2021 to present their findings
18. The supplier shall provide regular updates to the CCG, in the format agreed with the CCG at contract mobilisation.
19. The supplier will agree to suspend their review should the CQC announce and seek to complete an inspection of the CCG within the same timeframe as that scheduled by the supplier. If that is the case, then the supplier and the CCG will agree a revised timeframe for completion of the review.

RESPONSE DOCUMENT

Suppliers should submit a response document which covers the following:

Area	Questions
Approaches & Methods	<p>Please describe your approach to undertaking the review (max 1000 words)</p> <p>In your answer, please refer to:</p> <ul style="list-style-type: none"> • how you will tailor your approach to the needs of the CCG, including skills transfer. • the information, tools and methodology you propose to use to understand and engage with the CCG • who you would expect to interview • how you will support the CCG in prioritising and action planning • how you will provide structure to and manage the logistics of the review working with the CCG • your approach to ensuring consistency, quality management. • your approach to reporting the review in a way that meets the CCG's requirements • what support you expect from the CCG <p>Please describe how you will ensure that any learning from other developmental well-led reviews undertaken by your organisation will be used to benefit the CCG (max 300 words)</p>
Skills, attributes & experience	<p>Please describe the skills, experience and seniority of the team you are putting forward to undertake the review (max 750 words + CVs)</p> <p>In your answer, please refer to:</p> <ul style="list-style-type: none"> • your experience of undertaking developmental reviews or comparable activities • how you will address our requirements for specialist input • the named members of your team who will undertake the review, including the proposed lead for the engagement. <p>The supplier must demonstrate in the response</p> <ul style="list-style-type: none"> • The supplier must have undertaken a similar review within a healthcare organisation within the last 24 months • The supplier must provide evidence of a strong understanding of governance and how this applies in a live, NHS environment • The team of individuals put forward to undertake the review by the Supplier must demonstrate a range of experiences and backgrounds which align with the scope • The Supplier must demonstrate how they will support the CCG to develop and make improvements • The Supplier must provide evidence of how they will be able to positively engage with the Governing Body, senior leaders and other internal and external stakeholders to deliver the review and • The Supplier must be able to translate the findings of the review into clear, achievable recommendations
Costs	<p>Please provide a capped price inclusive of all supplier expenses using the format below:</p>

Consultant Names	Brief description of proposed involvement	Day rate (£)	No of days	Total (£)
Any other costs (please detail)				
Any other costs (please detail)				
Sub-total (£)				
VAT (£)				
Total				

Notes:

- Please add more rows as required.
- Costs should be based on undertaking a review against all the domains within the framework. This is to recognise that the review will be tailored once the CCG has completed its self-assessment.

EVALUATION CRITERIA

All bids will be evaluated as follows:

Area	
Approaches & Methods	Q1 Scored 0-4 = 25% Q2 - Scored 0-4 = 15%
Skills, attributes & experience	Q3 - Scored 0-4 = 20%
Costs	The finance template score will be determined by assigning full marks (40%) to the lowest cost quote. All other quotes will be assigned marks in direct proportion to the lowest cost quote, using the following formula: (Lowest cost quote / Quote being evaluated) x 40

Scoring scale

Assessment	Interpretation	Score
Deficient	A significantly deficient answer, unanswered or unacceptable response.	0
Limited	A limited answer that does not meet the stated requirement or one that provides little detail or evidence.	1

Assessment	Interpretation	Score
Acceptable	An acceptable answer meeting the stated requirement with a sufficient level of detail and evidence.	2
Good	A good answer, with a comprehensive level of detail and strong evidence.	3
Excellent	An excellent answer, exceeding the stated requirement with exceptional detail and evidence and/or one that is likely to result in increased quality, improved patient experience or innovation.	4

Phase 1 – bids will be judge against the specification to ensure that they meet the requirements of the CCG.

Phase 2- those bids considered to have met the criteria in Phase 1 of the evaluation will then be judged on price.