

**Mental Health Trusts - how
Board committees operate**

January 2021





Introduction

Board committees perform a vital role in the corporate governance structures of NHS trusts. The HFMA NHS Governance Guide states:

The governing bodies/boards of NHS trusts and FTs are responsible for:

- *observing collective responsibility for adding value to the organisation – promoting the organisation’s success and directing and supervising its affairs*
- *leadership within a framework of prudent and effective control which enables risk to be assessed and managed*
- *looking ahead – setting the strategic aims (in FTs, the views of the council of governors must be taken into account), ensuring resources are sufficient and managing performance*
- *ensuring that the organisation operates effectively and meets its statutory and strategic objectives*
- *setting and maintaining values and standards of conduct*
- *ensuring compliance with the organisation’s constitution, mandatory guidance, relevant statutory requirements and contractual obligations*
- *reviewing management performance*
- *ensuring the quality and safety of healthcare service, education, training and research.*

Other committees may be established for specific purposes – for example, to focus on quality, performance and finance. In each case it is important to:

- *be clear about its terms of reference and how they relate to the governing body’s/board’s role and objectives*
- *ensure that it functions effectively – for example, is it well attended? Do the minutes reflect its terms of reference?*
- *ensure that decisions are made, actions are clear and recommendations are followed through at subsequent meetings.*

With this in mind, we have conducted this analysis to gain insight into the functioning of Board committees at a sample of six mental health trusts in our client base.

The following Board committees were the most frequently established across the trusts:

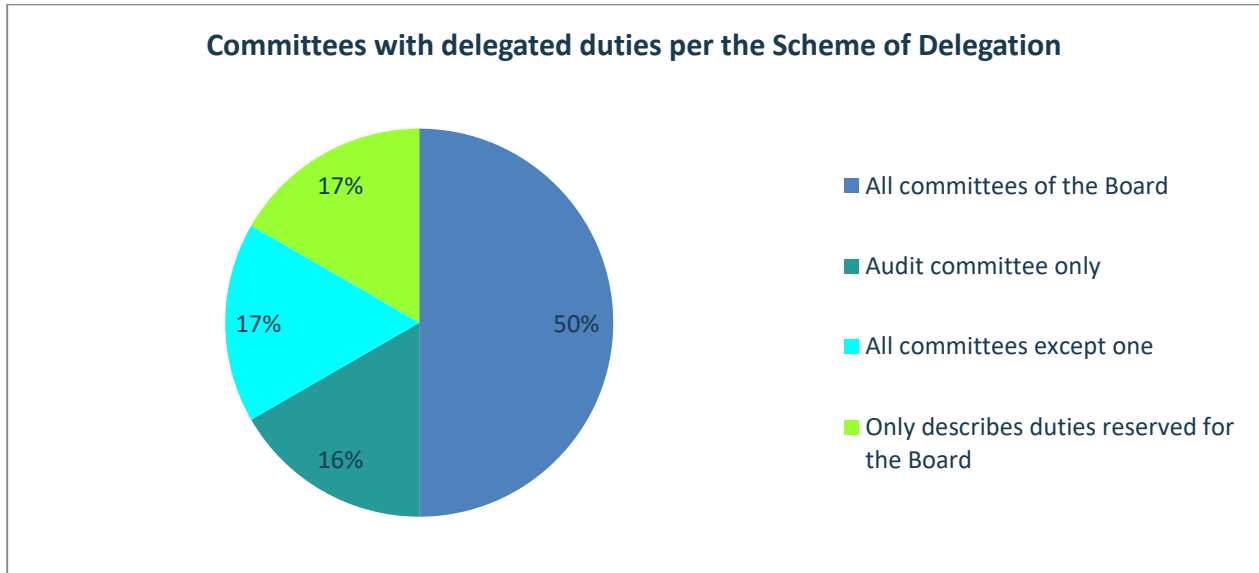
- Audit Committee (100%)
- Quality Committee (100%)
- Finance Committee (83%).

One organisation did not have a Finance Committee as a formal sub-committee of the Board outlined in its constitution. We also found that four out of six organisations reviewed had a Workforce/People Committee. However, our analysis will focus on the three committees named above. It should be noted that the names of these committees vary between trusts but in this report we will refer to them as above.



Duties delegated to committees

Our review of the trusts’ Schemes of Delegation found that not all committees were formally delegated duties:



The purpose of establishing sub-committees is to enable delegation of powers and responsibilities, freeing up time for the Board and supporting the Board by providing appropriate assurance.

Good practice recommendations:

- All committees should have overarching responsibilities formally outlined in the Scheme of Delegation.



Strategic objectives

One of the principal roles of the Board is to ensure achievement of the strategic objectives and the Board committees are there to support it in this.

A potential method of ensuring clarity of committee activities is to delegate on the basis of strategic objectives. If Board committees have responsibility for overseeing particular objectives then their purpose, duties and what they subsequently need to report to Board could align with the following:

- monitoring performance against these objectives (and any supporting strategies/sub-objectives)
- ensuring poor performance is being appropriately managed
- reviewing risk and identifying additional risks
- ensuring risks are being appropriately managed
- approving significant changes to controls to support improved performance and increase likelihood of achievement of objectives.

We found that, in practice, the Scheme of Delegation does not assign specific strategic objectives to each committee for oversight. In the sample we reviewed, this was also rarely done in Terms of Reference. We have identified that many of our clients partially achieve this by assigning BAF risks to specific committees for oversight, scrutiny and monitoring. However, this often only assigns oversight of the risks rather than their corresponding objectives.

Good practice recommendations:

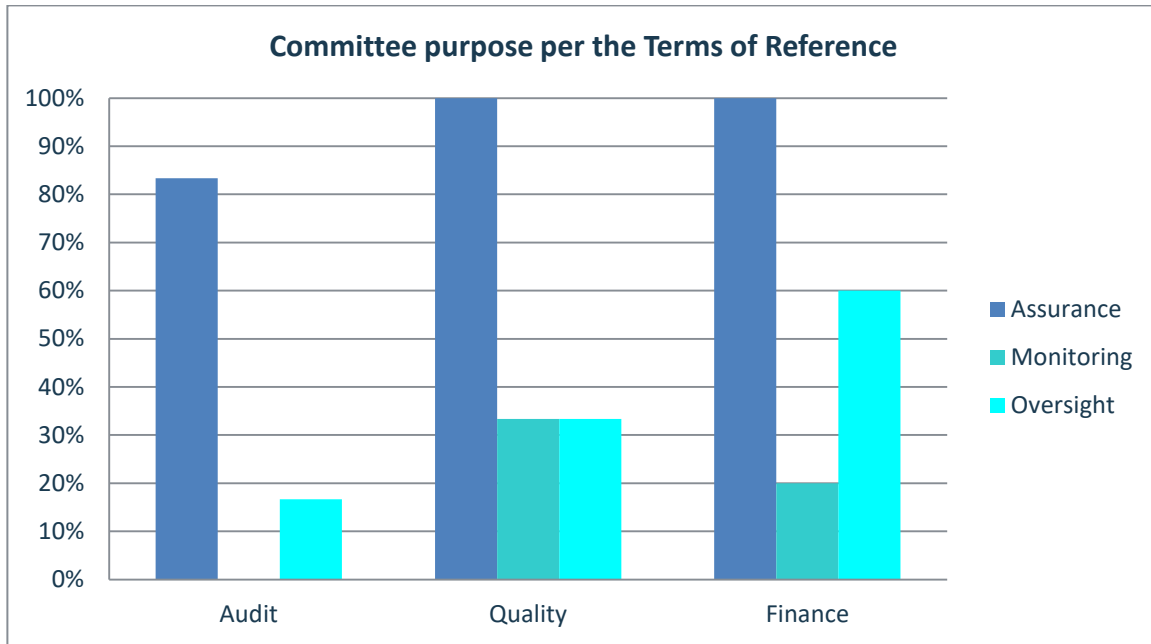
- Duties delegated to committees could state which strategic objectives they oversee to support the Board in delivering against these objectives.



Committee purpose and duties

Committee purpose

Review of the ‘purpose’ section (or similar) of each Terms of Reference demonstrated varying mention of “assurance”, “monitoring”, and “oversight”, as follows:



Board committees are often referred to as “assurance committees” so it is perhaps unsurprising that “assurance” is mentioned almost universally.

In the subsequent sections, we have analysed how the committees are providing assurance, monitoring and oversight, as well as reviewing how this is supported by the ‘duties’ sections of their Terms of Reference.

Audit Committee

Purpose:

The ‘purpose’ section of Audit Committees’ Terms of Reference mentioned providing assurance and oversight in the following areas:

	Governance	Risk management	Internal control	Specific risks
Assurance	80%	80%	80%	20%
Monitoring	-	-	-	-
Oversight	-	-	-	17%



Duties:

We reviewed whether the Audit Committees’ Terms of Reference ‘duties’ included all of those recommended in the HFMA *Audit Committee Handbook*, and found the following:

Overarching duties per the HFMA Audit Committee Handbook	% of Audit Committees with the duty listed in their ToR
Integrated governance, risk management, and control	100%
Internal audit	100%
External audit	100%
Other assurance functions	50%
Counter fraud	33%
Management	50%
Financial accounting	100%
Whistleblowing	66%

Only one Audit Committee listed all eight of the above duties in its Terms of Reference.

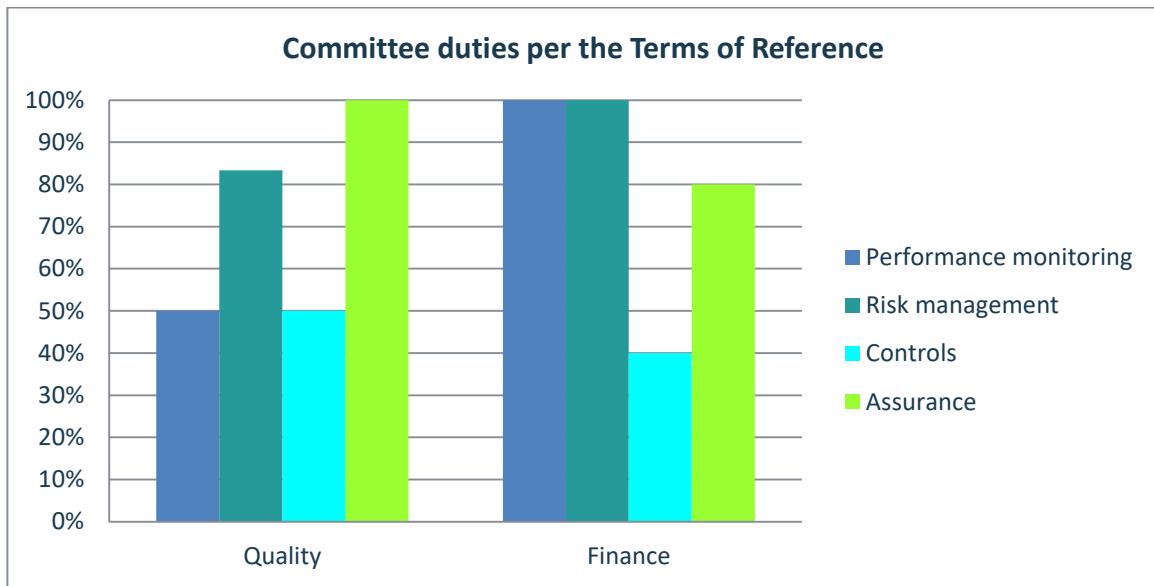
Quality Committee and Finance Committee

Purpose:

		Achievement of objectives	Implementation of strategies	Performance	Risks	Governance
Quality Committee	Assurance	33%	-	33%	-	50%
	Monitoring	-	17%	-	17%	-
	Oversight	-	-	-	17%	17%
Finance Committee	Assurance	-	20%	60%	20%	-
	Monitoring	-	-	-	20%	-
	Oversight	-	20%	-	-	20%

Duties:

In many cases, where the ‘purpose’ section did not specify the exact assurance, monitoring and oversight activities of the committee, this was expanded upon in the ‘duties’ section. We identified the following themes across the ‘duties’ sections of Quality and Finance Committee Terms of Reference:



While Audit Committee Terms of Reference can be benchmarked against best practice set out in the HFMA *Audit Committee Handbook*, there is no prescribed template for a suitable Terms of Reference for other Board committees. We have found that the Quality and Finance Committee Terms of Reference reviewed as part of this sample demonstrate variation in activities undertaken. The most important consideration for trusts here is whether each Terms of Reference reflects all activities required in order for the committee to achieve its purpose.

Good practice recommendations:

- Committee ‘purpose’ and ‘duties’ should reflect all of the tasks required and information needed in order to generate the assurance required by the Board.
- Audit Committee Terms of Reference should consider all duties outlined in the HFMA *Audit Committee Handbook*.



Range of topics discussed

We have discussed that each Board committee should have its responsibilities clearly defined and communicated. In order to fulfil these responsibilities, the committee will need to receive a range of information and data.

We looked at the information and data received by the Quality Committees and Finance Committees in our sample of mental health trusts. The list of papers received in the annual cycle can be found at Appendix A.

Format of forward agendas

The forward agendas for 83% of the committees in the sample were set out in in a calendar format with a list of papers down one side and the meeting dates across the top. The scheduled date for the paper was indicated within the grid. This layout made it easy to see what information was due to be discussed by the committee and how often.

The remaining 16% of committees maintained a separate list of papers for each meeting. It was possible to ascertain what was to be discussed when using this method, but it was more difficult to determine the frequency of reporting.

Grouping of items

The forward agendas segregated committee meetings according to the following groupings:

Grouping	Description	Percentage
Terms of reference	Items are grouped into sections based entirely or partially on the responsibility areas set out in the committee terms of reference	33%
Frequency of reporting	Items are grouped into those reported regularly, annually, and on an ad-hoc basis	17%
CQC domains	Items are grouped into the CQC domains they relate to; safe, effective, caring, responsive, and well-led	8%
Strategic objectives	Items are grouped by the strategic objectives the committee is responsible for	8%
Other	Items are grouped using some other rationale	33%

We found that the most common grouping was by the areas of responsibility set out in the committee’s Terms of Reference. This structure lends itself well to supporting committees to consider their responsibilities and plan for the information they will need to request to fulfil them. It should also be used as part of the committee effectiveness review process to assure the Board that these responsibilities were met.



Only 8% of the committees we reviewed explicitly linked the items they discussed to the trust strategic objectives they were responsible for. This focus on the strategic objectives could help to drive progress towards them.

Review of requirements

Half of the Finance Committees we reviewed and all of the Quality Committees included a slot for the committee to review its forward agenda. This was scheduled annually in most cases, but some Quality Committees elected to do this at least quarterly.

Despite the inclusion of these reviews, it seemed that they were more focused on adding in or taking out items that the committee knew were on the horizon. We saw little evidence of pro-active consideration of the items that were essential to allow the committee to do its business.

Good practice recommendations:

- Items on the forward agenda could be grouped into the strategic objectives the committees are responsible for, or the duties of the committee. This structure allows committees to easily verify that they have received sufficient information to provide assurance that these objectives or duties have been fulfilled.
- An annual pro-active exercise to determine what the committee needs to fulfil its responsibilities each year should be undertaken.



Reporting to Board

One of the principal functions of Board committees is to support the Board in achieving the strategic objectives of the organisation. However, the ultimate responsibility sits with the Board. The Board will need to request information from each of its committees to assess the current position in relation to the objectives that the committees have been delegated responsibility for.

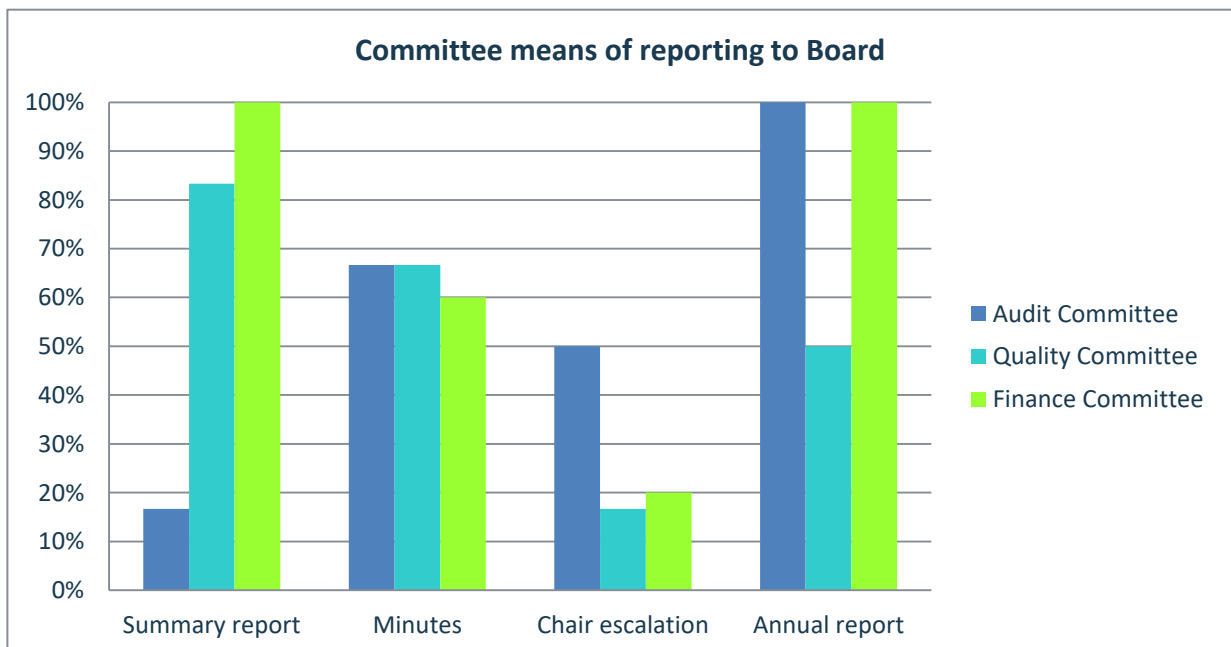
Reporting requirements

The Board should formally decide what information it requires and communicate this to its committees. We reviewed the Terms of Reference for Board committees in our sample of mental health trusts and found that there was a 'reporting arrangements' section in every case.

The reporting arrangements sections clearly set out the format the information should be reported in. Overall, the submission of committee minutes was the most common regular source of information requested. Committee minutes are requested from:

- 67% of Audit Committees
- 67% of Quality Committees
- 60% of Finance Committees.

Committee minutes alone are unlikely to fully inform the Board on the progress towards the strategic objectives.



A number of the mental health trusts in our sample did request summary reports, exception reports, or Chairs' logs. These were normally requested to supplement committee minutes, but sometimes these were in place of minutes.



	Audit Committee	Quality Committee	Finance Committee
Just summary report	17%	33%	40%
Summary report and minutes	17%	50%	60%
Neither	17%	0%	0%

A summary report structured specifically to support the assessment of the progress against the strategic objectives is most likely to effectively allow the Board to fulfil its responsibilities in relation to the achievement of strategic objectives.

Contents of reports to Board

We saw no examples of Boards comprehensively defining what the committee reports to Board should contain (either regular summary reports or Annual Reports).

The Annual Reports we reviewed were varied in content and quality. They could be improved by clearly demonstrating how the committees discharged the responsibilities in their Terms of Reference, and demonstrating how the committees supported the Board towards the achievement of strategic objectives.

Links between committee purpose and reporting requirements

We assessed the alignment between the committee purpose and the reporting requirements, both as defined in its Terms of Reference. In an efficient committee we would expect that the reporting requirements are directly linked to the committee’s purpose to assure the Board that this is being fulfilled.

We did not find evidence of coherent alignment at any of the sample mental health trusts. As such, Boards may be missing the opportunity to effectively assess their committees’ performance against the purposes defined.

One of the sample trust Boards receives a summary highlight report that RAG rates the assurances taken by Board committees. This was an impactful way to communicate both the areas where the Trust could be comfortable that progress was being made and where gaps may lie.

The report described above was based on agenda items, but it could be further strengthened if it were structured around the objectives each committee has been delegated responsibility for.

Good practice recommendations:

- In order to support the achievement of the committee objectives, the Board should request specific information/assurance from its committees. It is not enough to simply make committee minutes available.
- Highlight reports can be a useful tool for informing the Board of the work of its committees. The most impactful report will be structured around the trust’s strategic objectives.

Finance Committee – papers submitted		
Finance and performance	Finance Report	Financial Implications of Legal Proceedings
	Service Line Report	Procurement
	Commissioning and Tendering	Procurement Strategy
	CQUIN	OMM Issues
	Reference Cost	Performance Report
	Costing & Activity	PMO Report
	Restructuring Provision	Carter Review / Model Hospital
	CIP	Data Quality
	QIPP	Capital Planning and Delivery
	Performance & Contracting Report	Charitable funds
	Annual Plan / Budget	Review of Financial Policies
	NHSI / SoF Feedback	
Business planning	Annual Business Plan	Schedule of Contracts
	STP / ICS	Disaster Recovery
	Commercial Update	Business Cases
	Contracting	Strategic Plan Review
Risk management	Board Assurance Framework	Operational Risks
	BAF Risks Deep Dive	Internal Audit Action Log Update
	Extreme Risks Update	
Committee admin	Review Forward Plan	SIRO Annual Report
	Review Terms of Reference	Reports From Other Committees
	Review SOs, SFIs, SoD	Annual Effectiveness Review

Quality Committee – papers submitted		
CQC	CQC Registration Reporting	CQC Action Plans
Quality assurance	Annual Quality Report / Quality Priorities	Quality Priorities Delivery Plan
	Eliminating Mixed Sex Accommodation Declaration	Quality Safety Impact Assessment
	Anti-Ligature Audits Annual Compliance Report	Quality Accounts
	Suicide Prevention	Transformation and Priority Programmes
	Performance Dashboard	CQUIN
Internal assurance/ subcommittees	Infection Prevention and Control	Safeguarding Annual Report
	Medicines Management	Mental Health Legislation
	Medical Devices	Resuscitation Committee
	Clinical Policies	
Patient safety	Incidents	Central Alert System Compliance
	Mortality	Research Annual Report
	Safer Staffing	Whistleblowing / Freedom to Speak Up
	Safeguarding	Mandatory Training Annual Report
	Nutrition and Hydration	Nursing Revalidation
	Learning Lessons	Patient Safety Dashboard
Clinical effectiveness/ patient experience	Clinical Audit Programme	Complaints
	Clinical Audit Plan	Patient Experience Report
	Clinical Effectiveness Dashboard	
Accountable officer	Guidance and Regulation	PLACE Environment Action Plan
	Controlled Drugs Annual report	Caldicott Guardian
	Health, Safety, and Security Report	Emergency Planning
Corporate governance	Board Assurance Framework	Items for Escalation
	Operational Risks Overview	Internal Audit Reports and Action Log
	NICE Annual Report	Review of Terms of Reference / Planner