



Governance, Risk Management and Audit

26 November 2025

Welcome



Governance of Subsidiaries

Terri Le Couteur, Chartered Governance Institute,
UK and Ireland



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Governance
Institute
UK & Ireland

Assurance in Transition:

Mastering Subsidiary Governance in the NHS

Terri Le Couteur

26 November 2025



The Chartered
Governance Institute



Chartered Governance
Institute UK & Ireland



Founded in 1891



Issued Royal Charter in
1902



Current Patron – King
Charles III

*We champion good governance and develop the value, skills and effectiveness of governance professionals because we believe that **better governance drives better decision-making, and better decision-making creates a better world***

Terri Le Couteur: Governance, Compliance, and Strategic Impact

30+ Years at the Forefront of Governance: Unparalleled strategic expertise for exemplary boards globally

Direct Strategic Advisory: Directly advising boards on governance architecture, risk mitigation, and structural challenges across critical, regulated sectors (Finance, Police, Civil Service, Energy, etc.)

MSc in Governance, FCG (Fellow of the Chartered Governance Institute)

Currently studying toward IAPP CIPP/E (Certified Information Privacy Professional/Europe) to reinforce expertise in Data Privacy and Information Governance

Crafting governance that is **strategic, compliant, and impactful**—not just administrative



Royal College of
General Practitioners



SOUTH WALES
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HEDDLU
DE CYMRU



SURREY
COUNTY COUNCIL





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Why This Matters Now: The Governance Gap



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The Reality

The NHS landscape is rapidly moving towards collaborative and group models. You are navigating this transition

The Challenge: Establishing clear governance when control is shared or delegated

Our Focus Today: Move beyond definitions to establish practical governance principles that manage risk, maintain public confidence, and ensure strategic oversight across all models





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The Foundations: Demystifying Subsidiaries



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Wholly Owned Subsidiary: What and Why in the NHS

Definition:

- A Wholly Owned Subsidiary (**WOS**) is a separate legal entity (limited company) that is 100% owned and controlled by the NHS Trust/FT (The Parent)

Key Legal Point:

- The WOS has its own Board, staff contracts, and accounts - It is **not** the Trust

Benefits (The Why):

Commercial Flexibility:

- Allows activities (like third-party trading) without compromising the Trust's public sector status

Financial Efficiency:

- Optimising VAT recovery on specific support services

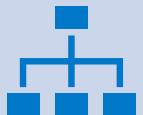
Talent:

- Creating distinct terms and conditions for non-clinical staff (e.g., facilities, IT) to aid recruitment and retention

Benefits: Protecting Patients and Services



WOS models are tools to **support** the core NHS mission



Example (Facilities/Estates): By delegating facilities management to a focused WOS, you can achieve operational excellence that directly leads to improved maintenance response times and cleaner environments, positively impacting infection control and patient safety scores



The Bottom Line: If governed correctly, WOS structures are a vehicle for operational excellence that feeds back into high-quality care



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Subsidiary Governance: Autonomy and Risks



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The Governance Tightrope: Autonomy vs. Control

Challenge: How does the Parent Trust maintain **oversight** (risk, quality, finance) without destroying the **autonomy** required for the Sub-Co to realise its benefits (the "Clear Blue Water")?



Parent's Danger: Micromanagement—treating the Sub-Co as a mere department, undermining its legal benefits



Sub-Co's Danger: Strategic Drift—operating independently, ignoring the Parent's clinical or strategic mandate



Solution: Governance must be defined by legal agreements and focused on outcomes, not process

Schematic: Balancing Oversight and Independence

The governance sweet spot is in the overlap—where Parent needs assurance, and Sub-Co retains operational freedom

Parent's Core Oversight (Do's):

Appoint the WOS Board
(ensuring commercial skills)

Approve the WOS
strategy, annual budget,
and quality standards

Retain overall
responsibility for the
Group Risk Register



Sub-Co's Required Independence (Don'ts):

Do not micromanage day-to-day
operations or routine hiring

Do not undermine the WOS Board's
fiduciary duty to its own company

Foundational Governance Principles Checklist



Addressing the Hot Buttons: Key Transition Risks

People & Contracts (TUPE): Transfer of Undertakings regulations require meticulous legal and HR management to ensure compliance and fairness during staff transfers

2. Public Perception: Manage the narrative—the WOS exists to support services, not privatise or divert funds. Requires proactive political and public relations

3. Industrial Relations: Requires early, transparent engagement with unions to manage objections and build trust around changes in terms

Action for Leaders: These risks are managed by transparency, early engagement, and robust governance





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Commercial Horizons & The Subsidiary Endgame



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Commercial Horizons: Acquisitions and Evolution

The Goal: Generate surplus income to reinvest in core patient services

The Sensible Line: Commercial activities must always be mission-aligned and risk-appropriate. The WOS is a tool to sustain and enhance the Trust

The WOS Strategic Evolution (The "Endgame" Reframed): A Subsidiary structure should be designed for positive growth:

- **Growth:** The WOS acquires capabilities (e.g., new technology, staff expertise) to scale services and benefit the Parent
- **Integration:** The WOS successfully develops a service that is eventually integrated back into the Parent Trust as a model of best practice
- **Sustainability:** The WOS ensures long-term financial viability for key support services, protecting jobs and service delivery

Key Insight: Governance must ensure that the WOS's commercial success directly accelerates the Trust's clinical mission

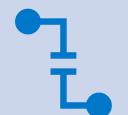
Governance Complexity: Joint Ventures (JVs)



Definition: A JV is a separate legal entity owned by *two or more* partners (e.g., two NHS Trusts, or an NHS Trust and a Private Partner)



The Governance Shift: WOS is 100% control; JV is shared control



Added Complexity: Disputes are common due to shared control. Governance must be anchored in extensive, detailed Shareholder/Partnership Agreements covering:

Dispute Resolution Mechanisms
Exit Clauses



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The Macro View: Collaborative Group Models



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Group Structures: The Collaborative Spectrum

This addresses collaboration between statutory NHS bodies (Trusts)—the horizontal models

Vertical (WOS):

- Single Parent Trust owns WOSs. Simple control via ownership

Horizontal (Collaborative):

- Two or more statutory Trusts come together (e.g., Alliance, Single Banner). Complex control via shared governance agreements (MOU)

Integrated Structures:

- Includes JVs and the extreme: Formal Statutory Merger (one single legal body)

Key Insight: Governance challenges increase exponentially with the number of statutory bodies involved

Collaborative Models: Governance Trade-offs

Single Banner Model:

- *Pros:* Achieves rapid strategic alignment
- *Cons:* Governance complexity is high (two separate statutory boards, one executive team). High risk of duplication and exhaustion

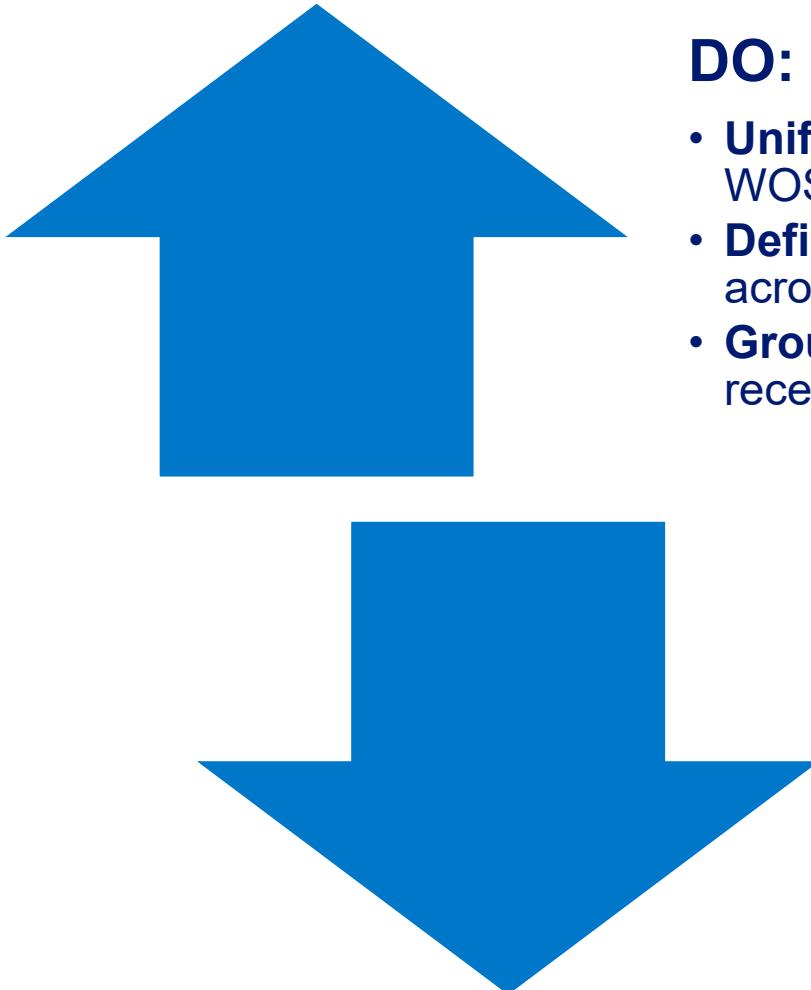
Joint Ventures (JVs):

- *Pros:* Pooled resources for specific projects
- *Cons:* Shared control necessitates strong formal agreements—risk of gridlock without clear rules

Statutory Merger:

- *Pros:* Maximum efficiency, unified accountability
- *Cons:* Extremely complex, resource-heavy, and time-consuming process

Governance Principles for Groups: Strategic Alignment



DO:

- **Unify Strategy:** Ensure the strategy of every entity (Trusts, WOSSs, JVs) feeds into a single, cohesive **Group Strategy**
- **Define Decision Rights:** Clearly map who decides what across the group (e.g., Trust Board vs. Group Committee)
- **Group Assurance:** Design a formal process for the Group to receive assurance from all entities

DON'T:

- **Confuse Fiduciary Duties:** Ensure directors clearly understand which legal entity they are serving in which meeting
- **Operate in Silos:** Strategic failure comes from a lack of communication across the group structure



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Conclusion and Q&A



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A close-up photograph of a person's hand placing a white puzzle piece into a blue puzzle grid. The hand is visible on the left, with the thumb and index finger pushing the piece into place. The puzzle grid is composed of several white puzzle pieces that have already been fitted together, creating a blue rectangular area in the center where the new piece is being placed. The background is a solid blue.

This is your opportunity to ask any questions



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Thank you!

Terri Le Couteur FCG, MSc
terri@tlc-gs.co.uk



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Group Models

Rebecca Hainsworth, Partner, Browne Jacobson LLP

Learning from Group Models in the NHS

Governance, Risk Management and Internal Audit Conference

Rebecca Hainsworth, Partner
26 November 2025

**Browne
Jacobson**

Legal background

- NHS Act permits NHSTs/FTs to agree arrangements for carrying out functions jointly '*with any other person*'
 - FT powers - s47A
 - NHST powers - sched 9
- Before 2022 - Historically very limited NHST/FT powers for delegation to and joint committees with third parties – powers were limited to NHS / local authority partnerships
- From 2022 – Amendments to NHS Act give NHST/FTs wide ranging powers to collaborate with each other (and others eg local authorities)

Legal background

- HCA amended NHSA by inserting new delegation and joint committee powers
 - S65Z5 – joint working / delegation
 - S65Z6 – joint committee / pooled fund
 - S65Z7 – NHS England statutory guidance for relevant bodies about the exercise of their powers under sections 65Z5 and 65Z6
 - S275A – treatment of delegated arrangements
- Accountability for delegated functions remains with the delegator but NB s65Z5(6) – *‘Any rights acquired, or liabilities (including liabilities in tort) incurred, in respect of the exercise by a body of any function by virtue of s65Z5 are enforceable by or against that body (and no other person)’*

Spectrum of collaboration

Informal arrangements		Formal agreements			Group model	
Informal collaboration	Strategic collaboration	Committees	Joint ventures	Lead provider	Shared or joint leadership	Single provider/merger
<ul style="list-style-type: none"> May have advisory group May have non-binding memorandum of understanding High level shared principles for working together / collaboration No shared decision-making - advisory / recommendations only May make use of existing authority of individuals to make decisions for their organisation Can be a stepping stone towards strategic collaboration 	<ul style="list-style-type: none"> Advisory group or leadership board Memorandum of understanding / partnering agreement Terms of reference for leadership board Advisory group only or decisions through individual exercise of delegated authority Shared information to discuss relevant matters Joint decisions by consensus Aligned decision making but not shared decision making 	<ul style="list-style-type: none"> May be statutory committees in common or statutory joint committee Memorandum of understanding / collaboration agreement Terms of reference for committee(s) Collective exercise of delegated functions Shared information to discuss relevant matters Committees in common aligned or virtual joint decision-making Joint committee shared decision-making by unanimous or majority voting 	<ul style="list-style-type: none"> Contractual or corporate Management board Contractual joint venture agreement or company documents Services agreement Principally a mechanism for service delivery Can permit joint decision making on management board for contracted out services Note restricted NHS trust powers for companies 	<ul style="list-style-type: none"> Contractual joint venture Main contract held by lead NHS provider Alliance / consortium agreement Sub-contracts between lead provider and other NHS / non-NHS providers Principally a mechanism for service delivery Can permit joint decision making on alliance / consortium management 	<ul style="list-style-type: none"> Same person or people lead each provider involved Boards of NHS Trusts or FTs appoint same person to multiple posts Enables aligned or virtual joint decision making May enable actual joint decision-making if combined with a joint committee 	<ul style="list-style-type: none"> Governance and legal advice required to determine feasibility Must comply with NHS England transactions guidance e.g., full business case and due diligence requirements Internal and external approvals process Statutory transfer document and legal agreements Results in single board for organisation

Examples of collaborations

<p>Lancashire and South Cumbria Provider Collaborative - LTHT / UHMB / LSCFT / ELHT / BTHT (Special Purpose Joint Committee)</p>		<p>The Royal Wolverhampton NHS Trust Walsall Healthcare NHS Trust (General Purpose Joint Committee)</p>
<p>Black Country Provider Collaborative – RWT / WHT / DGFT / SWBH (Special Purpose Joint Committee)</p>		
<p>LUHFT (Merged Trust)</p>	<p>UHLG - LUHFT / LWH / LHCH “Group of 3” (General Purpose JC)</p>	<p>University Hospitals Tees - STH / NTHT (General Purpose Joint Committee)</p>
<p>LAASP - Liverpool Adult Acute and Specialist Providers “Group of 5” (Special Purpose JC)</p>	<p>CMAST – Cheshire and Merseyside Acute and Specialist Trusts (Loose collaboration)</p>	

Key points to note about groups / joint committees

- No common taxonomy
- No single structure
- Group arrangements develop to meet the specific needs of a local area
- But -
 - Governance usually involves a joint committee structure with delegated decision-making
 - Recommendation to underpin with a partnership agreement
 - Scalability is often a key consideration



Group Models – Case Study

Kate Dyer, Director of Governance and Risk, Leicestershire Partnership and Northamptonshire Healthcare Associate University Group

Shared strategic risk in a group model – our journey

November 2025

Our group strategy



T Technology



H Healthy Communities



R Responsive



I Including everyone



V Valuing our people



E Efficient and effective

Group Journey 2019 onwards

Buddy relationship
October 2019 to
March 2021

- Joint CEO
- Informal governance
- Sharing of learning

**Group Model
collaboration via a
MoU** March 2021

- Joint Working Group CiC approach
- Further joint appointments
- Underpinned by MoU

**Formal
confederation via a
Partnership
Agreement**
May 2025

- Special Purpose Committee Model
- Joint committee approach to a Group Board
- Underpinned by a formal partnership agreement

**Further alignment of
corporate
governance
arrangements**

Risk Journey 2025/26



BAF No.	Risk Title	Score
Section 1 - T Technology [Finance and Performance Committee Oversight]		
GROUP BAF 1	If we do not continue to engage in digital transformation , we will not be digitally mature. This will affect our ability to deliver safe care to our service users.	16
BAF1.2	If we are not sufficiently prepared, we may be impacted by digital disruption which will affect our ability to access our electronic systems and provide safe care to our service users.	12
Section 2 - H Healthy Communities [Finance and Performance Committee Oversight]		
GROUP BAF 2	If we fail to evolve our partnerships and collaboratives , we will not reduce health inequalities and deliver improved outcomes for our populations	8
Section 3 - R Responsive [Quality and Safety Committee Oversight]		
GROUP BAF 3	If we are unable to build a sustainable approach to the continual development our research and innovation capability , our ability to attract the best people, operate on the leading edge of service delivery and exert influence within the sector will decline over time.	12
BAF3.2	Without timely access to services, we cannot provide high quality safe care for our patients which will impact on clinical outcomes.	20
BAF3.3	If we do not continue to review and improve our systems and processes for patient safety , we may not be able to provide the best experience and clinical outcomes for our patients and their families.	10
BAF3.4	If we do not have appropriate emergency preparedness , resilience and response controls in place, we may be impacted by accidents, disruption and system failures affecting our ability to maintain continuity of services.	8
Section 4 – I Including Everyone and V Valuing people [People and Culture Committee Oversight]		
GROUP BAF 4	If we do not understand our culture , staff experiences and grow levels of wellbeing in ways that help us to lead and grow with compassion, we will not maintain an inclusive culture, resulting in unwanted behaviours and closed cultures.	12
BAF 4.2	If we do not adequately utilise workforce resourcing strategies, we will have poor recruitment, retention and representation, resulting in high agency usage.	20
Section 5 – E Efficient and Effective [Finance and Performance Committee Oversight]		
GROUP BAF 5	If we do not continue to strive for sustainability , we will be impacted by adverse weather events and environmental factors impacting on the health of our population, resulting in poorer health outcomes.	12
BAF 5.2	If we cannot maintain and improve our estate, or respond to maintenance requests in a timely way, there is a risk that our estate will not be fit for purpose, leading to a poor-quality environment for staff and patients.	20
BAF 5.3	Inadequate capital funding for LLR system will impact on LPT's ability to manage financial, quality & safety risks related to estates and digital investment in 2025/26 and in the medium term	20
BAF 5.4	Inadequate control, reporting and management of the Trust's 2025/26 financial position could mean we are unable to deliver our financial plan and adequately contribute to the LLR system plan, resulting in a breach of LPT's statutory duties and financial strategy (including LLR strategy)	16

GROUP BAF 5	If we do not continue to strive for sustainability , we will be impacted by adverse weather events and environmental factors impacting on the health of our population, resulting in poorer health outcomes.				Score	Consequence	Likelihood	Combined
					Initial Risk	4	3	12
Strategic Link	THRIVE: EFFICIENT AND EFFECTIVE				Current Risk	4	3	12
Governance	GROUP LPT and NHFT Finance and Performance Committees, GROUP Strategic Executive Board, Group Trust Board				Target Risk	4	3	12
Context	Green plan, population health				Risk Appetite – Open (upper limit of tolerance 16)			
Control	Control Gaps	Sources of Assurance	Assurance gaps		Actions			Progress
Cause: adverse climate change and sustainability factors								
<ul style="list-style-type: none"> • Green Plan 2022-25 • Green Plan 2026 - 29 • Estates Strategy and Delivery Plan • Partnerships Manager as resource for Green Plan oversight • Group Sustainability Forum 	<ul style="list-style-type: none"> • Green Plan for upcoming three-year period in line with ICB plan in draft. • Oversight of climate change and sustainability factors impacting on our population 	<p>1st Line: Sustainability Programme Delivery Group</p> <p>2nd Line: Finance & Performance Committees Group SEB</p>			<ul style="list-style-type: none"> • Gap analysis of available funding and impact of any resource gap on delivery of the revised green plan. Chief Finance Officer 1.1.26 • Green Plan going to September LPT TB for sign off - Chief Finance Officer - complete • Green Plan signed off July NHFT TB - Chief Finance Officer - complete 		<ul style="list-style-type: none"> • Funding secured for LPT solar panel installations at Hinkley & Bosworth and Loughborough plus 4 more • Trust Green ambitions approved by SEB October 2025 	
		3rd Line: CQC feedback NHSE oversight of green plans		<ul style="list-style-type: none"> • Provision of information to support the Task Force on Climate related financial disclosures (TCFD) 				
Effect: Poorer health outcomes due to climate change and sustainability factors								
Green Plan <ul style="list-style-type: none"> • Group Sustainability Forum oversight of green plan delivery 	<ul style="list-style-type: none"> • Understanding the impact of climate change and sustainability on our local population 	<p>1st Line Sustainability Programme Delivery Group</p> <p>2nd Line Finance & Performance Committees Group SEB</p>						
		3rd Line NHSE and DHSC oversight of green plan and TCFD						

BAF 5.2	If we cannot maintain and improve our estate, or respond to maintenance requests in a timely way, there is a risk that our estate will not be fit for purpose, leading to a poor-quality environment for staff and patients				Score	Consequence	Likelihood	Combined
Date	Included 1 April 2025.	Last updated 18.11.2025			Initial Risk	4	5	20
Strategic Link	THRIVE: EFFICIENT AND EFFECTIVE				Current Risk	4	5	20
Governance	LPT Finance and Performance Committee, Strategic Executive Board, Trust Board				Target Risk	4	3	12
Context	Therapeutic, fit for purpose, meet standards, agile working				Risk Appetite – Open (upper limit of tolerance 16)			

Control	Control Gaps	Sources of Assurance	Assurance gaps	Actions	Progress
Cause: Unable to maintain and improve our estate					
<ul style="list-style-type: none"> • Estates Strategy and Delivery Plan • Group Strategic Estates Plan • Accommodation & Space Policy • Estates Annual Plan 24-25 • Statutory Compliance continues to be maintained during 24-25 • Capital prioritisation process embedded • Clinical representation at Strategic Property Group • Space Utilisation Study Complete 	<ul style="list-style-type: none"> • Lack of capital funding • Aging estate with limited options for improvement • Having adequate space for clinics and supervision and training 	<p>1st Line: Capital Prioritisation process</p> <p>2nd Line: Estates and medical equipment group</p> <p>3rd Line: System estates groups, Capital prioritisation criteria , CQC engagement meetings and inspection feedback</p>		<ul style="list-style-type: none"> • Identify alternative sources of capital Engagement internal to prioritise estates safety Chief Finance Officer – ongoing – 1.8.26 • Medical Directorate rep at relevant Estates meetings to be identified – Lisa Hydes now attending – Medical Director - complete 	
Cause: Unable to respond to maintenance requests in a timely way					
<ul style="list-style-type: none"> • Maintenance Logging System • Performance monitoring (soft & hard FM) data (12 months) • Jobs logged monitored & tracked monthly – monthly reports to DMTs breaking down outstanding jobs 	Financial constraints – capital and revenue	<p>1st Line: Feedback and use of the maintenance logging system</p> <p>2nd Line: KPIs in place for soft FM</p> <p>3rd Line: CQC feedback</p>		Oversight of financial constraints ongoing – Chief Finance Officer and Director of Finance via SEB and Trust Board – ongoing – 1.8.26	Continued reduction in number of outstanding maintenance jobs
Effect: Poor quality environment					
<ul style="list-style-type: none"> • Environmental checklist • Operational risk management • Environmental checklist • Operational risk management • Health & Safety inspections • Estates Annual Plan 	<ul style="list-style-type: none"> • Governance oversight of all quality and risk issues relating to environment • Regulatory standards for buildings 	<p>1st Line: Directorate Management Teams for escalation and oversight of risk</p> <p>2nd Line: Estates and Medical Equipment Committee; Estates log</p> <p>3rd Line: CQC feedback</p>	Adherence to systems and processes (detailed in actions) for identifying and logging environmental concerns	<ul style="list-style-type: none"> • Governance route escalations EMEG – review risks & escalate - AFM clarified escalation process – 1.11.25 complete • Annual Estates Plan approved – 1.11.25 complete • Escalation of Health & Safety issues – 1.11.25 complete – process in place • Oversight of estates risks on Ulysses – 1.11.25 complete • Review building compliance standards with DoN Chief Finance Officer – 1.1.26 	Ongoing CRR/ directorate risk reviews taking place



Group Models – Case Study

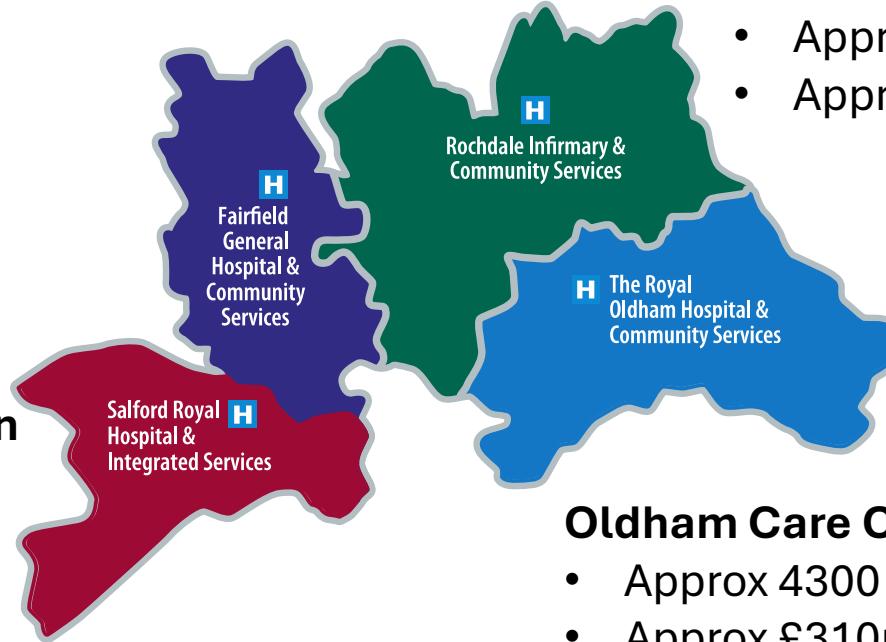
Juliette Cosgrove, Chief Nursing Officer, Northern
Care Alliance

Governance in Northern Care Alliance NHS Trust

Juliette Cosgrove, Chief Nursing Officer

Northern Care Alliance

Bury Care Organisation
Approx 3430 WTE
Approx £290m budget



Salford Care Organisation
Approx 5900 WTE
Approx £670m budget

Rochdale Care Organisation
• Approx 1350 WTE
• Approx £100m budget

Oldham Care Organisation
• Approx 4300 WTE
• Approx £310m budget

Diagnostic and Pharmacy Services
Approx 1670 WTE
Approx £140m budget

Clinical Leadership Model

Families, Anaesthetics,
Critical Care and
Theatres
(FACT)

Medical Specialities

UEC and Community

Neurosciences and
Major Trauma

Surgery

Clinical and Scientific
Services

- Standardised clinical pathways will be developed across the NCA.
- Delivery will be underway of multi-site delivery models and NCA wide approach that utilises available capacity in the most effective way.
- An integrated workforce model will be developed, with leadership teams working across more than one NCA site.
- Staff rotation opportunities will be provided to give staff the opportunity to work across other sites.
- Standardised approach to job planning will be implemented.
- Clinical service integration planning will be aligned to EPR

Governance in NCA

- The principles of **good governance** provide a foundation for effective leadership, accountability, and decision-making regardless of scale and size; those are the same in NCA as they are in any other organisation
- Includes:
 - How and where we **take decisions**
 - How and where we **manage risk**
 - How and where we **gain assurance** (and provide it)
- NCA is **complex** organisation so our governance is complicated. You can't see and touch everything so everyone needs to be assured of our mechanisms of assurance.

Governance in a Group

Common principles of governance in a group:

- A central leadership body responsible for the strategic direction, and governance, of the group.
- Discrete, locally managed 'units' which are responsible for operational leadership and management and may have varying degrees of autonomy from the central leadership.
- Some element of standardisation of systems, policies and procedures across the respective units and perhaps a shared set of values

Where are we today

- Shared set of values: **care; appreciate; inspire.**
- Centralised Trust leadership team
- Locally managed and governed care organisations
- Some standardisation of systems, policies and procedures across care organisations
- Locally managed governance support
- Common risk management framework

But

- Variation in processes in some processes, systems, and procedures
- Disruptions to flow of information and governance
- Unclear responsibilities and accountabilities
- Data quality and availability challenge (no common EPR and 1,000 applications)
- Variation in governance support
- Challenges with effective risk escalation and management

Towards CLM

- Create a streamlined, bed-to-board governance blueprint for the organisation, informed by previous governance models and the Good Governance Institute findings (2025).
- Be clear on structures, **reporting and accountability arrangements**, simplify layers, **remove unnecessary variation**, ensure **standardisation** and strengthen **connectivity** between clinical groups and the Board.

Develop a blueprint that will include:

- A clear governance and reporting structure from bed to board (for use across all clinical groups).
- Clarity on accountabilities through the organisation.
- Standardised terms of reference and workplans for core groups (e.g., People, Quality, Finance, Performance, SMT).
- Standardised templates and processes for meetings (in particular level of support, documentation).
- Centralised governance function.

This will be set out in a clear operating model accountability framework (OMAF).

Challenges to overcome

- Create a **common culture** – we might have one set of values but legacy organisations (SRFT & PAHT are still visible)
- **Scale and complexity** – NCA operates over a significant geographic footprint (four local authorities)
- **Deliver change at scale and pace** – moving from a site based/place-based model to one based around horizontal clinical specialities is a significant shift
- Move to a centralised support model under common leadership – which wont work for everyone
- **Drive standardisation** in process and systems across a huge organisation
- Communicate common processes across a large organisation and then embed
- Create a **common risk appetite** and application of the process
- Shift the thought process and **build trust** in the model
- **Create coherence and clarity** – KNOW THE STORY



Development of Internal Audit Services to respond to changing NHS Environments

Elaine Dower and Alistair Crockford

Change in the NHS

- Three left shifts
- Structural reorganisation (NHSE, ICBs, Model Region Blueprint, Neighbourhoods, Groups and Collaboratives)
- Workforce changes
- Operating model changes (continued focus on recovery, performance and productivity, restrictions on capital)

Implications on control environment

- Altered governance
- Reduction in headcount
- Technology
- Cultural and capability challenges
- Riskier environment/ increased risk exposure
- Potential for fraud

FTPFO

- Part of the Economic Crime and Corporate Transparency Act
- New corporate offence – unlimited fine
- When an employee, associate or subsidiary commits fraud to benefit the organisation
- Defence is to ensure controls in place to prevent fraud are reasonable

Assurance

- Three lines
- Independent assurance already in place
 - Internal Audit
 - External Audit
 - CQC
 - Well-led
 - Inspections/Accreditations

Internal Audit

- Focus on areas of key risk
- Balanced plan
- Engagement, approval and sign-off
- Audit plans may have to be more flexible/ fluid to adapt to changing risk environment.

- Impact of change on management capacity and risk environment needs to be factored in
- Organisational transformation will likely be a common thread/theme across nearly all audit work being conducted
- Cannot lose sight of statutory obligations while significant change events are being undertaken.
- Recommendations need to be future and root caused focused to ensure change is delivered

How audit services can provide assurance and support during periods of change:

- Ongoing assurance through attendance at Project or Transitional Boards
- Stand alone pieces of work focused on specific aspects of change programmes

Project/Transition ongoing assurance

- Requires attendance at key Project/ Change committees to provide timely support and assurance on the governance, controls and risk management
- Recent examples include ISFE2 project board attendance and planned attendance at Transition Committee at WYICB

Specific audit work

- Looking at design of controls being put in place to manage change
- Looking at management of change programmes and individual projects through change management functions/ Project Management Offices
- Specific audits of individual workstreams or aspects of change programmes

- Assurance over areas potentially affected or impacted by change to confirm continued delivery of statutory responsibilities.
- Audit work more focused on processes being performed now over tighter time horizon
- Also need to look at how things will look in the future and provide assurance over direction of travel.

HolAOs

- Reflect environment contextually
 - Governance – extent to which impacted by change
 - Risk Mgt – risks associated with change sufficiently reflected in BAF and/or risk appetite updated as required
 - Control – themes linked to, or symptomatic of, change
- HolAO affected where, as a result of change, governance not been safe, risk management been ineffective or controls not operating effectively.
- Follow up/implementation of actions – indicator of grip and control, but change might make actions less applicable
- Other assurances



Your service

We're all NHS employees – going through changes alongside you



[@360Assurance](http://www.360assurance.co.uk)

[@AuditYorkshire](http://www.audityorkshire.nhs.uk)



Thank you for coming

We hope to see you again soon