NHS Governance – Clinical Governance
NHS Lothian

1. Introduction
The call for views stated: “Clinical Governance refers to the systems through which
NHS organisations are accountable for continuously monitoring and improving the
quality of their care and services, and ensuring they safeguard high standards.”
This response sets out the systems in place within NHS Lothian.

2. The Organisation
Lothian NHS Board is responsible for the healthcare services for the residents of four
local authority areas (City of Edinburgh, East Lothian, Midlothian and West Lothian),
and employs approximately 28,500 people.

The National Records of Scotland projections for 2010 to 2025 show a 15%
increase in total Lothian population from 836,711 to 965,007. The Board also
provides a wide range of specialist services for people from across Scotland,
including liver and kidney transplantation, neo-natal intensive care, cancer services
and complex surgery.

Primary care is the first point of consultation with the patient, and for most people
contact with the NHS begins and ends in primary & community care. The Board
engages independent contractors to provide primary and community health
services. As at 4 May 2017 within the Lothian area there were 123 general medical
practices with 1,020 general practitioners. There were 182 dental practices with 555
dentists. There were 114 optician premises with 292 opticians. There were also 184
pharmacy premises.

Patients will enter secondary or acute care when they need a specific clinical
intervention, with Information Services Division reporting that the Board sees
approximately 670,000 outpatients, 65,000 patients as day cases, 25,000 elective
(scheduled) inpatients and 80,000 emergency (unscheduled) inpatients annually.

Within Lothian during 2016/17 there were 269,057 attendances at Accident &
Emergency, which national figures show is the second highest level of activity within
a Board area in Scotland, with Greater Glasgow & Clyde being the highest. NHS
Lothian Accident & Emergency activity accounted for 16.6% of all such activity in
Scotland.

Further information on the Board, including its history and details of its services and
locations can be found on the Board’s website:

www.nhslothian.scot.nhs.uk/Our Organisation
3. **What the Board is aiming to achieve**

The Board aims to deliver the NHS Scotland Vision and the Scottish Government’s Health & Social Care Delivery Plan (December 2016) through its Mission, Values and Corporate Objectives.

**Our Mission**

- improving the health of the population,
- improving the quality of healthcare and
- achieving value and financial sustainability.

Better health, better care, better value

**Our Values**

- Care and Compassion
- Dignity and Respect
- Quality
- Teamwork
- Openness, Honesty and Responsibility

**Our Objectives**

1. Protect and Improve the Health of Our Population
2. Improve patient pathways and shift the balance of care.
3. Improve Quality, Safety and Experience Across the Organisation.
4. Support the Engagement and Development of Our Staff through Leadership and Behaviours
5. Achieve Greater Financial Sustainability and Value.
6. To work with partner boards to develop a Regional Health & Social Care Delivery Plan for the East of Scotland.

Further detail on the Board’s 2017/18 Corporate Objectives is provided at Appendix 1.

4. **NHS Lothian’s Commitment to Quality**

NHS Lothian has made a major strategic decision to put ‘Quality’ at the centre of how it manages and delivers healthcare. The Board supported the initiation of a programme to create infrastructure and the conditions to support this, building on work already underway in Lothian. Dr Simon Watson took up a new post of Chief Quality Officer in April 2016 to lead the work towards creating an enhanced whole organisation approach to quality assurance and improvement.
NHS Lothian has established a transformational change programme to build and embed the NHS Lothian Quality Management System (QMS) as the vehicle to deliver best patient experience, outcomes and sustainable cost. Creating the QMS focuses on three key drivers:

- Increasing the capability of frontline teams to manage continuous quality improvement
- Increasing the capacity of frontline teams to manage continuous quality improvement
- Creating an organisational culture within which distributed leadership for quality will flourish.

A paper setting out progress to establish the QMS in 2016 and plans for further development in the coming and beyond is available on the QI Lothian website:

https://qilothian.scot.nhs.uk/

5. Factors which can influence the level of performance in clinical outcomes

There is no doubt that it is always necessary to continually monitor and improve the quality of care and seek assurance on standards, as there are continuous challenges which can affect organisational performance and the outcomes achieved, e.g.

- The unique circumstances of each individual patient.
- The peaks and troughs of the levels of demand on the service.
- The level of staff turnover, vacancies and absences.
- The potential for human error.
- The need to live within limited resources, and the opportunity costs of decisions necessarily made to do so.
- External demands on the organisation (new laws, increased regulatory activity) which can divert attention and resources away from front line services.

6. The System of Governance in NHS Lothian
Within NHS Lothian there are several committees, with key governance committees being the Healthcare Governance Committee, the Staff Governance Committee, the Finance & Resources Committee, the Acute Hospitals Committee, the Information Governance Assurance Board, the Strategic Planning Committee and the Audit & Risk Committee.

The terms of reference of the Healthcare Governance Committee are at Appendix 2. The committee has in previous years developed its statement of assurance needs, essentially the things that the committee needs to get assurance on in order to discharge its remit.

NHS Lothian introduced standard levels of assurance into its system of governance during 2016/17. This brought together the earlier development on assurance needs, and efforts made to improve the quality of reports presented to the Board and its committees and to encourage clear recommendations and decisions from such reports.

Additionally Lothian NHS Board delegated the detailed oversight of performance to the relevant Board committee, with most of the measures falling to the Healthcare Governance Committee and the Acute Hospitals Committee. This step allows assurance needs (how we are doing things) and performance to be considered together, which informs risk management and improvement planning.
The standard levels of assurance are now being used for reports relating to assurance needs, performance management, and the Corporate Risk Register.

Appendix 3 is internal guidance which has been prepared to explain the system of governance and assurance.

The Audit & Risk Committee considers the annual reports of other committees to inform its review of the Governance Statement which is included in the annual accounts. For 2016/17 a new format for the committee annual report was introduced, which made use of the new standard assurance levels and provided a more explicit statement as to what each committee was providing assurance on.

It is recognised that NHS Lothian has just started to use the standard levels of assurance and it is anticipated that over time their use will be improved and refined. However the initial feedback from committees and management is that it is beneficial. There is now a common language being used across the entire system of governance.
Our Vision
By 2020 everyone is able to live longer healthier lives at home, or in a homely setting and, that we will have a healthcare system where:

- We have integrated health and social care
- There is a focus on prevention, anticipation and supported self-management
- When hospital treatment is required, and cannot be provided in a community setting, day case treatment will be the norm
- Whatever the setting, care will be provided to the highest standards of quality and safety, with the person at the centre of all decisions supported through House of Care and Realistic Healthcare approaches

There will be a focus on ensuring that people get back into their home or community environment as soon as appropriate, with minimal risk of re-admission

Our Mission
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- improving the quality of healthcare and
- achieving value and financial sustainability.

Better health, better care, better value

Our Values
- Care and Compassion
- Dignity and Respect
- Quality
- Teamwork
- Openness, Honesty and Responsibility
Our Objectives

Protect and Improve the Health of our Population

Improve Quality, Safety and Experience across the Organisation

Support the Engagement and Development of Our Staff through Leadership and Behaviours

Achieve Greater Financial Sustainability and Value

Work with Partner Boards to Develop a Regional Health and Social Care Delivery Plan for the East of Scotland.

Improve Patient Pathways and Shift the Balance of Care

We will work in collaboration with our four Health and Social Care Partnerships to delivery our objectives and moves us closer to achieving our vision.
1. Protect and Improve the Health of Our Population

- Reduce levels of avoidable infections by improving uptake of all childhood and adult immunisation programmes
- Deliver smoking prevention, protection and cessation services that contribute towards the target of 5% prevalence in smoking by 2034 by achieving a year on year reduction in smoking rates. To be measured in 2017-18 by on-going reduction in young people taking up smoking and in 12 weeks quit rates in the areas with the 40% highest SIMD scores, in priority groups and through enforcement of smoke-free hospital grounds
- Develop an implementation plan for ‘A Vision for a More Active Scotland’ (to be published in 2017) including actions to address inequalities in physical activity, the roll out of the national physical activity
- Implement Getting It Right For Every Child (GIRFEC)
- Implement the maternal and infant nutrition framework including the roll out of universal vitamins to all pregnant women by 2017 and a competency framework to promote and support breastfeeding
- Deliver a programme to promote better mental health amongst children and young people through implementing the GIRFEC principles and implementation of the universal Health Visitor pathway
- Develop the improving population health programme within NHS Lothian’s approach to quality, ensuring a focus on approaches that will contribute towards reducing inequalities and improving access to healthcare for disadvantaged groups in society. In 2017-18 by testing further approaches to improving health literacy, uptake of welfare advice, assistance and benefits to meet basic needs, contributing public health expertise to coaching and training
- Refresh the NHS Lothian Oral Health Strategy and implementation plan to support delivery of the Scottish Oral Health Plan due for publication in 2017
2. **Improve patient pathways and shift the balance of care**

- Redesign the shape of service provision across hospital, care home and community settings to reduce inappropriate use of hospital services

- Deliver a 10% reduction in unscheduled bed days through the implementation of plans to reduce admissions and to ensure the timely discharge of patients from hospital.

- Improve collaboration with the four Lothian Integration Joint Boards to redesign services to support a reduction in the inappropriate use of hospital services

- Double the palliative and end of life provision in the community and expand the use of Key Information Summaries to reduce the number of people dying in a hospital setting.

- Increase capacity within the adult social care sector through reform of the national care home contract, social care workforce issues, new models of care and support in home care.

- Create an innovation support programme to increase our capacity, capability and culture for radical experimentation and innovation across the organisation

- Develop secure, resilient and effective Information management system infrastructure

- Incrementally over the next three years as funding is increased:
  - Support the implementation of the new GMS contract
  - Develop the primary care group being led by NHS Lothian’s Medical Director
  - Continue to support GP recruitment and retention initiatives
  - Increase the number of Advance Nurse Practitioners (14 in training) and Nurse Practitioners
  - Support implementation of quality clusters
  - Ensure we have the additional 40 Health Visitors trained
  - Ensure we have an additional 15 District Nurses trained
• Additional investment of £2m for primary care and an additional £2m innovation to support development of cost effective prescribing

• Take forward recommendations from the Review of Maternity and Neonatal Services

• Roll out the unscheduled care six essential actions across the whole of acute care (improve time of day discharge, increasing weekend emergency discharges, more effective use of electronic information, enhance patient’s journey through the hospital system and back to the community without delay)

• Reduce unnecessary attendances and referrals to outpatient services through a structured improvement programme

• Develop and implement performance plans to manage outpatient and treatment time guarantee pressures to support delivery of the projected capacity requirements
### 3. Improve Quality, Safety and Experience Across the Organisation

#### Quality
- Using the NHS Lothian Quality Management System to deliver improvement programmes across the primary and secondary care.
- Develop the NHS Lothian Quality Academy to increase the capacity within teams to manage continuous quality improvement.
- Nurture and embed the core values and approach associated with Realistic Healthcare through creating meaningful opportunities for patients to understand their condition, all treatment options and how each will impact upon them and giving ‘Permission’ for clinicians and patients to agree to a treatment plan that meets the individual patient’s needs.
- Incorporation of the principles of realistic healthcare as a core component of medical education
- Continue the development of infrastructure to support a range of Quality Programmes that reduced wasteful variation and improve patients’ experience of care.
- Deliver the national ‘what matters to me’ and ‘must do with me’ programmes, supporting patients, families and carers and enabling clinical teams to listen and understand with compassion
- Continue the development of the Quality Academy to build capability of all staff (leaders to front line workforce) in confidently managing and improving the quality of our services.

#### Safety
- Deliver a programme of safety visits across primary and secondary care
- Medicines - utilise the NHS Scotland Hospital Electronic Prescribing and Medicines Administration Framework (HEPMA) to improve patient safety through reduction in drug errors
- Patient Safety Programme
  - Sustain improvements in falls and the delivery of the safety essentials
  - Deliver a programme of safety walk rounds across primary and secondary care
  - Improve the management of deteriorating patients in acute hospitals and mental health wards
  - Improve the management of Sepsis in acute hospitals and continue to be a Health Improvement Scotland pilot site for management of Sepsis in a primary care
  - Improve the medicines reconciliation at front door acute hospitals
  - Improve the prevention and management of pressure ulcers
  - Contribute to the reduction in SABs through reliable PVC/CVC insertion and maintenance.
Experience

• Measure people’s experiences of care or support through a range of tools including complaints, the Care Assurance System, ‘real time’ and ‘right time’ feedback and Patient Opinion and demonstrate how we are using this to improve services.

• Deliver revised policy and culture in respect of hospital visiting times

• Implement the new model NHS Complaints Handling Procedure to support consistently person-centred complaints handling.

• Involve people meaningfully in service design and improvement including using the Our Voice framework

• Ensure performance trajectories relating to the 2017-18 Local Delivery Plan (LDP) Standards are maintained and delivered within available resources and in line with peer performance
4. Support the Engagement and Development of Our Staff through Leadership and Behaviours

- Promote a leadership culture which encourages distributed clinical leadership and empowers staff to innovate and experiment to deliver transformational improvement
- Implement the Clinical Change Forum programme to support on-going clinical engagement and drive quality through peer recognition
- Improve leadership visibility through face to face contact and digital communication channels
- Continue to embed our NHS Lothian values in our interactions with our patients and each other and measure our success through patient and staff feedback
- Achieve full roll out of iMatter – the continuous improvement model to measure and improve staff experience and embed the use of staff exit interviews to build our picture of staff experience.
- Ensure staff development is supported through the annual appraisal process and 1:1 meetings between staff and line managers.
- Support staff to raise concerns safely (for example through datix, with their line managers, through their trade unions, seeking advice from the independent alert line or through our Whistleblowing Policy), by publicising how to do this, training our managers and listening.
- Strengthen our workforce planning and development capability and capacity and work with partners to support delivery of the National Workforce Plan at local and regional levels.
- Develop workforce plans to support the delivery of the NHS Scotland Health and Social Care Delivery Plan (December 2017)
- Develop a Health and Wellbeing Strategy to support a healthy organisational culture and build staff resilience
• Offer team and leadership development programmes to ensure leaders and managers have the necessary skills to drive forward the transformational agenda, work across boundaries and harness the talents of our staff
5. Achieve Greater Financial Sustainability and Value

- Develop a three year financial plan setting out plans for investment and reform to ensure the best use of available resources and return NHS Lothian to recurring balance.

- Deploy, test and embed financial tools, within Clinical Quality Programmes to demonstrate cost savings and avoidances through reduction of waste and unwarranted variation.

- Deliver recurring efficiency and productivity savings of circa 2% and circa 4% non-recurring appropriate cost efficiencies

- Develop and implement an effective prescribing programme

- Deliver the 2017/18 capital investment programme including the commissioning of the RHSC & DCN development opening in spring 2018, the three partnership centres and phase 2 of the Royal Edinburgh Hospital Redevelopment.

- Work with the Scottish Government on the future capital investment programme including the re-provision of the Princes Alexandra Eye Pavilion, Edinburgh Cancer Centre and the proposed Diagnostic and Treatment Centres.

- Deliver a longer term Medical equipment strategy integrated with eHealth and data management

- Complete the business case for new digital telephony system

- Develop a 3 year eHealth Strategic Plan
6. **To work with partner boards to develop a Regional Health and Social Care Delivery Plan for the East of Scotland**

- With South East Scotland NHS Boards and Integration Joint Boards, outline an East of Scotland Regional Health and Social Care Delivery Plan by August 2017. The plan will focus on areas of critical issue which require regional collaboration and redesign to enable service sustainability, quality and safety at lower cost.

Our local delivery plan sets out in detail the actions we will take to deliver our objectives and measure our success.
HEALTHCARE GOVERNANCE COMMITTEE

Remit:

The Healthcare Governance Committee is to provide assurance to the Board that the quality of all aspects of care in NHS Lothian is person-centred, safe, effective, equitable and maintained to a high standard.

The Committee will also provide assurance to the Board that NHS Lothian meets its responsibilities with respect to:

- Scottish Health Council Participation Standards
- Volunteers/Carers
- Information Governance
- Protection of Vulnerable People including children, adults, offenders
- Relevant Statutory Equality Duties.

The Board authorises the Committee to investigate any activity within its terms of reference, to request any Board member or employee to attend a Committee meeting, and request a written report or seek any information it requires. The Board directs all employees to co-operate with any Committee request.

The Board has established a Staff Governance Committee. The Healthcare Governance Committee shall seek assurance from the Staff Governance Committee on any staff governance issues that are pertinent to the discharge of the remit of the Healthcare Governance Committee.

The Board authorises the Committee to determine the processes for the approval of Board policies, except for the following types of policy:

- Policies that are reserved for approval by the Board through its Standing Orders.
- Human Resources Policies
- Finance Policies.

Membership:

The Board shall appoint all Committee members.

The Board shall ensure that the Committee’s membership includes an adequate range of skills and experience that will allow the Committee to effectively discharge its responsibilities.

Five of the members shall be non-executive members of the Board, one of whom shall be appointed as chair of the Committee. If the Committee chair is not available for a meeting, another non-executive shall become the chair.
The Board should also appoint a voting member from each Integration Joint Board (IJB) who will be nominated by their IJB.

The Joint Directors of Health & Social Care will provide assurance to both the Healthcare Governance Committee and their respective IJB.

The Board shall appoint further Committee members as it sees fit, and this can include individuals who are not members of the Board. The Board will invite nominations for Committee membership from key stakeholders such as the Lothian Partnership Forum, the Area Clinical Forum and representatives of patients and the public. These members will not be counted when determining whether the Committee is in quorum (see below). However in all other respects they will have the same rights as the non-executive Committee members with regard to their role as a Committee member.

The Chairman of Lothian NHS Board cannot be a member of the Committee. All Board members have access to the Committee papers.

At the Committee the role of executive Board members and officers is to provide information, and to participate in discussions, either for the whole duration of the meeting or for particular agenda items. The following people will normally be routinely invited to attend Committee meetings:

- Medical Director
- Nurse Director
- Director of Public Health & Public Health Policy
- Chairs/Co Chairs of the Acute Services Clinical Management Group (Associate Medical and Nurse Director Acute Services)
- Representatives from each Health & Social Care Partnership (H&SCP) Senior Management Team (General Manager/Clinical Director/Chief Nurse)
- Chief Quality Officer
- Associate Director for Quality Improvement & Safety.

However, only the Committee members are entitled to be present at meetings, and it is for those members to decide if non-members should attend for a particular meeting or agenda items.

Committee members are entitled to discuss matters directly with the Chair of the Committee and Chair of Lothian NHS Board. Members also have a right of access to the Accountable Officer where they feel that this is necessary.

The Chair of the Committee may:

- Call a meeting at any time, or when required to do so by the Board
- May exclude all parties other than members of the Committee from the deliberations of the Committee.

**Frequency of Meetings:**

The Committee will meet at least every two months.
Quorum:

No business shall be transacted at a meeting of the Committee, unless at least three non-executive board members are present.

There may be occasions when due to the unavailability of the above non-executive members, the Board Chairman will ask other non-executive members of Lothian NHS Board to act as members of the Committee so that quorum is achieved. Such occasions will be drawn to the attention of Lothian NHS Board, when subsequently adopting the Committee minutes, and the Board will be asked to approve the membership of the Committee meeting as having been appropriate and in quorum.

Functions:

The Committee will require assurance from management and reach conclusions on level of assurance through:

- Monitoring and reviewing outcomes and processes across NHS Lothian, and taking action to ensure that the appropriate structures, processes and controls are in place and operating effectively
- Enabling co-ordination and whole system learning activities across NHS Lothian, especially the sharing of good practice
- Delegating authority to groups or sub-committees to undertake the detailed consideration and resolution of specific matters on behalf of the Committee
- Ensuring there is an annual workplan for the discharge of its remit, and that there is an annual report on its activities
- Ensuring that any required action is undertaken swiftly in order to provide reassurance to the Board and the public
- Informing the development of Board strategies.

The Committee shall seek assurance on the following:

1. The quality of care of services as set out in the NHS Lothian Strategic Clinical Framework (2012-20) is regularly monitored, reported and reviewed, including issues of quality and safety including Unscheduled Care and Waiting Times
2. Continuous improvement of clinical care drives decision-making about the provision, organisation and management of services
3. Medicines Management, including the management of Controlled Drugs
4. There is a systematic and documented approach for the production, implementation and evaluation of clinical policies
5. Clinical care delivered across NHS Lothian meets NHS, HIS and other relevant standards and that unacceptable clinical practice will be detected and addressed
6. Effective quality assurance and quality improvement systems are in place covering all aspects of service delivery
7. An open and transparent culture exists with respect to the reporting, investigation and corrective action taken following adverse events, reviews, fatal accident inquiries, ombudsman reports or other internal or external reports
8. Complaints and patient feedback are handled in accordance with national standards/guidance, and lessons learned from their investigation and resolution,
including reports from the Scottish Public Sector Ombudsman and Mental Welfare Commission

9. All individuals engaged by the Board to carry out its functions and services are appropriately trained to develop the skills and competencies required to deliver the care needed; that continuing personal and professional development and lifelong learning are supported; and that there are mechanisms for developmental training and assessment where necessary

10. High-quality research and development, teaching and training are supported in partnership with other public or private sector bodies, and meet relevant guidance/governance standards, and complies with Research Framework for Health & Community Care

11. Information governance across NHS Lothian meets NHS HIS and other relevant standards, and that unacceptable practice will be detected and addressed, including Codes of Practice on openness and related strategy processes all applied and monitored

12. Ensure implementation of relevant directives and other instructions from Scottish Government with respect to mutuality and equality governance including human rights legislation, including health inequalities in the population

13. The protection of vulnerable adults (adults, children, offenders) complies with legislative and national standards

14. The HCG Committee’s remit is addressed in a systematic and documented manner through clear policies and procedures, and adequate and effective systems of internal control.

The discharge of the above functions must have due regard to the law that the Board must observe. A list of the law (although not exhaustive) that is pertinent to the Healthcare Governance Committee is set out below.

- NHS (Scotland) Act 1978, Sections 2-2CB, 9, 12H, 25-28, Sch1 (7)
- Access to Health Records Act 1990
- Access to Medical Reports Act 1988
- Equality Act 2010 (with regard to the provision of care)
- Adult Support and Protection (Scotland) Act 2007
- Children (Scotland) Act 1995
- Civil Contingencies Act 2004
- Patients Rights (Scotland) Act 2011
- Scottish Public Services Ombudsman Act 2002
- Mental Health (Care and Treatment) (Scotland) Act 2003
• Patients Rights (Treatment Time Guarantee) (Scotland) Regulations 2012
• Public Health Act 2008
• Infectious Diseases (Notification) Act 1889
• The Public Health (Notification of Infectious Diseases) (Scotland) Regulations 1988, as amended
• Regulation of Care (Scotland) Act 2001
• Public Services Reform Act 2010 (sections 99-100)
• Adults with Incapacity (Scotland) Act 2000
• Public Records Scotland (Act) 2011
• Freedom of Information Act (Scotland) 2002
• Human Tissues (Scotland) Act 2006
• Scottish Commission for Human Rights Act 2006
http://www.legislation.gov.uk/asp/2006/16/contents
• Misuse of Drugs Act 1971
• Medicines Act 1968
• Protection of Vulnerable Groups (Scotland) Act 2007
• Human Fertilisation and Embryology Acts 1990 & 2008
• The Abortion (Scotland) Regulations 1991
• Mental Health (Care and Treatment) (Scotland) Act 2003
• Medical Act 1983
• Public Bodies (Joint Working) (Scotland) Act 2014
• Mental Health (Scotland) Act 2015
http://www.legislation.gov.uk/asp/2015/9/contents
• Extensive legislation relating to Information Governance
• CELs, HDLs, MELs, CMO Letters, CNO Letters
Reporting Arrangements:

The Committee will report to the Board by means of submission of minutes to the next available Board meeting.

The Chair of the Committee will present an annual report on the discharge of these terms of reference to the Audit & Risk Committee, to inform the Board's annual review of the effectiveness of its systems of risk management and internal control. This will be a source of assurance for the NHS Lothian Governance Statement (for the annual accounts).

The Chair of the Committee will prepare a summary document to accompany the minutes from each committee meeting.

The Committee shall prepare and present an annual report on its activities to the Board.

The Committee shall contribute towards the summary performance report that goes to the Board.

The Board may require the Committee to review its own effectiveness, as part of a wider review of the Board effectiveness.

Approved by Lothian NHS Board
01/02/2017
Corporate Governance and Assurance in NHS Lothian (Version 7 - 30 January 2017)

1. INTRODUCTION

Why has this document been prepared?

This document has been prepared to help Board members, management and other employees understand how NHS Lothian’s system of corporate governance, risk management and internal control relate to each other, and how they provide assurance to the Board.

The aim is to ensure that there is a common understanding throughout NHS Lothian of what is meant by assurance and its importance in a well-functioning organisation.

What is “Corporate Governance”?

Corporate governance is the system by which organisations are directed and controlled. Boards are responsible for the governance of their organisations. The stakeholders’ role in governance is to appoint the board members and the external auditors, and to satisfy themselves that an appropriate governance structure is in place. The responsibilities of the board include setting the organisation’s strategic aims, providing the leadership to put them into effect, supervising the management of the business and reporting to stakeholders on their stewardship. The board’s actions are subject to laws, regulations, directions and requirements for public accountability.

Corporate governance is therefore about what the board does and how it sets the values of the organisation, and is to be distinguished from executive director led day-to-day operational management.

What is “Assurance”?

Assurance is “confidence based on sufficient evidence that internal controls are in place, operating effectively and objectives are being achieved.”


Who is required to seek assurance?

The simple answer is everyone.

The Board and its committees are not involved in operational management and delivery, but exercise oversight of the management of the organisation. The Board and its committees require assurance from management (and other sources) in order to carry out their role in corporate governance.

Managers are responsible for managing risk and developing and implementing the detailed systems of internal control in their areas of responsibility. This effort should be aimed at delivering the Board’s strategic objectives and improvement. Consequently management need to assured
themselves that those systems of internal control and risk management are operating as intended. If they successfully do so, they can efficiently provide assurance to a committee and the Board as and when required.

The following diagram illustrates this concept:

Source: Health Care Standards Unit, as referred to in the Oxford University Hospitals Foundation NHS Trust Assurance Strategy (September 2015)

If the systems of assurance within the organisation are designed properly, they can add value by reducing bureaucracy, and allowing the Board and senior management to confidently focus on the key matters which do require attention.

The design of the systems of assurance should reflect the strategic aim of making NHS Lothian a more data driven organisation. Work has been commissioned with regard to a revised information strategy which will underpin the Board’s approach to quality, efficiency & productivity improvement programme for theatres, and a frail elderly pathway project.
2. HOW WILL THE BOARD AND ITS COMMITTEES IMPLEMENT THE CONCEPT OF ASSURANCE?

When the Board or a committee receives a report which has been provided for assurance purposes, its aim will be to reach a conclusion on the level of assurance gained on the purposes of the report.

A report may focus on one or two types of purpose:

1. To operate in a way that satisfies a particular assurance need, such as a quality standard, a professional standard, a regulatory requirement, a legal requirement, or a basic principle of internal control.

2. To achieve a defined level of organisational performance or impact in terms of outcomes for stakeholders. Stakeholders can mean anyone affected, interested or concerned with the Board’s activities, such as patients, the general public, taxpayers, the Scottish Government, other public bodies, its employees, independent contractors such as GPs, suppliers, and others in the community.

There are five possible levels of assurance:

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<tr>
<th>Definition</th>
<th>Most likely course of action by the Board or committee</th>
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<tr>
<td><strong>LEVEL - SIGNIFICANT</strong></td>
<td>If there are no issues at all, the Board or committee may not require a further report until the next scheduled periodic review of the subject, or if circumstances materially change.</td>
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The Board can take reasonable assurance that the system of control achieves or will achieve the purpose that it is designed to deliver. There may be an insignificant amount of residual risk or none at all.

Examples of when significant assurance can be taken are:

- The purpose is quite narrowly defined, and it is relatively easy to be comprehensively assured.
- There is little evidence of system failure and the system appears to be robust and sustainable.
- The committee is provided with evidence from several different sources to support its conclusion.
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<tr>
<td><strong>LEVEL - MODERATE</strong></td>
<td>The Board or committee will ask the director to provide assurance at an agreed later date that the remedial actions have been completed. The timescale for this assurance will depend on the level of residual risk. If the actions arise from a review conducted by an independent source (e.g. internal audit, or an external regulator), the committee may prefer to take assurance from that source’s follow-up process, rather than require the director to produce an additional report.</td>
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<td>The Board can take reasonable assurance that controls upon which the organisation relies to manage the risk(s) are in the main suitably designed and effectively applied. There remains a moderate amount of residual risk. Moderate assurance can be taken where:</td>
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<td>• In most respects the “purpose” is being achieved.</td>
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<td>• There are some areas where further action is required, and the residual risk is greater than “insignificant”.</td>
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<td>• Where the report includes a proposed remedial action plan, the committee considers it to be credible and acceptable</td>
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<td><strong>LEVEL - LIMITED</strong></td>
<td>The Board or committee will ask the director to provide a further paper at its next meeting, and will monitor the situation until it is satisfied that the level of assurance has been improved.</td>
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<td>The Board can take some assurance from the systems of control in place to manage the risk(s), but there remains a significant amount of residual risk which requires action to be taken. Examples of when limited assurance can be taken are:</td>
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<td>• There are known material weaknesses in key areas.</td>
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<tr>
<td>• It is known that there will have to be changes to the system (e.g. due to a change in the law) and the impact has not been assessed and planned for.</td>
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<tr>
<td>• The report has provided incomplete information, and not</td>
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</tbody>
</table>
### Definition

<table>
<thead>
<tr>
<th>Definition</th>
<th>Most likely course of action by the Board or committee</th>
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<tbody>
<tr>
<td>covered the whole purpose of the report</td>
<td></td>
</tr>
<tr>
<td>• The proposed action plan to address areas of identified residual risk is not comprehensive or credible or deliverable.</td>
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</tbody>
</table>

**LEVEL - NONE**

The Board cannot take any assurance from the information that has been provided. There remains a significant amount of residual risk.

The Board or committee will ask the director to provide a further paper at its next meeting, and will monitor the situation until it is satisfied that the level of assurance has been improved. Additionally the chair of the meeting will notify the Chief Executive of the issue.

**NOT ASSESSED YET**

This simply means that the Board or committee has not received a report on the subject as yet. In order to cover all aspects of its remit, the Board or committee should agree a forward schedule of when reports on each subject should be received (perhaps within their statement of assurance needs), recognising the relative significance and risk of each subject.

It may be the case that the author of a report is independent (e.g. internal audit, an external auditor) and uses a different grading system in their report. Nevertheless the Board or committee should use that report as part of the evidence to determine which one of the five levels it is going to arrive at.

Some committees already use a statement of assurance needs which they can update as and when reports are received to reflect the level of assurance received.
Determining the Level of Assurance

The Board or committee will decide what level of assurance it will take from a report, and will periodically review the totality of assurances received. There are several factors which can influence this.

<table>
<thead>
<tr>
<th>Independence of the provider of the assurance</th>
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<tbody>
<tr>
<td>Management will most likely provide the bulk of assurances. However an assurance from someone who is not responsible for the function/service to which it relates may carry more weight due to independence. Auditors, regulators, and quality assurance functions are sources of independent reports.</td>
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</tbody>
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<table>
<thead>
<tr>
<th>Reliability of the Information</th>
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</thead>
<tbody>
<tr>
<td>Is the information that has been provided evidence-based? Where does it come from?</td>
</tr>
<tr>
<td>Is it drawn from reliable data? How has it been generated and prepared? Is it complete?</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Relevance of the Information</th>
</tr>
</thead>
<tbody>
<tr>
<td>Do the assurances that have been provided align to the risks of the subject that is being considered?</td>
</tr>
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</table>

<table>
<thead>
<tr>
<th>Age</th>
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</thead>
<tbody>
<tr>
<td>How current is the information being used and does this have a bearing on the assurance that can be taken?</td>
</tr>
<tr>
<td>How much time has elapsed since assurance was last provided?</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Durability</th>
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</thead>
<tbody>
<tr>
<td>The assurance may endure as a permanent assurance on a historical matter, e.g. the external audit of the annual accounts for a particular financial year. Alternatively the assurance may lose relevance over the passage of time, e.g. a clinical audit.</td>
</tr>
</tbody>
</table>

Preparing papers for the Board and its Committees

As a matter of standard procedure authors of Board and committee papers will be asked to include a recommendation which invites the Board/committee to select one of the above levels of assurance to reflect its conclusion from its consideration of the paper. It is entirely for the Board or the committee to decide what level to accept.

<table>
<thead>
<tr>
<th>When the paper relates to providing assurance on the systems of internal control</th>
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<tbody>
<tr>
<td>The paper should focus on the desired outcomes or assurance needs for the subject area. The recommendation(s) should invite the Board or committee to determine the level of assurance it has that the arrangements/systems of control in place attend to the risks.</td>
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</table>

<table>
<thead>
<tr>
<th>When the paper relates to performance reporting, and action plans to improve or sustain the Board’s performance</th>
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<tbody>
<tr>
<td>The Board or committee should be recommended to consider a standard question on each occasion that a report/action plan is prepared (such as the exceptions proforma in the Quality &amp; Performance Improvement report) which</td>
</tr>
</tbody>
</table>
sets out proposed actions to satisfy performance requirements.

The standard question is:

“What assurance do you take that the actions described will deliver the outcomes you require within an acceptable timescale?”

3. HOW DOES THIS ALL RELATE TO THE WORK OF OPERATIONAL MANAGEMENT AND THE IMPLEMENTATION OF RISK MANAGEMENT AND INTERNAL CONTROL?

Managers are responsible for identifying, assessing and managing risk in their areas of responsibility, and designing and implementing systems of internal control. Part of this effort is systematically and effectively implementing the Board’s policies and procedures. The Board’s Risk Management Policy and Operational Procedure already require managers to methodically assess their systems of internal control as follows:

<table>
<thead>
<tr>
<th>Level of Adequacy of Controls</th>
<th>Definition</th>
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</thead>
<tbody>
<tr>
<td>Satisfactory</td>
<td>The system of control is adequately designed to manage the risk, and the system is operating as intended.</td>
</tr>
<tr>
<td>Adequate but partially effective</td>
<td>The system of control is adequately designed to manage the risk, but it is not being implemented properly.</td>
</tr>
<tr>
<td>Inadequate</td>
<td>The system of control is not properly designed, and further controls and measures are required.</td>
</tr>
<tr>
<td>Unknown</td>
<td>The details of the system of internal control are not known at this time, and further work is required to find out what the situation is, and whether or not there are any controls in place.</td>
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</table>

Managers will have several systems of internal control in place, and they should have monitoring arrangements to assure themselves that they are operating as intended. Managers are free to use the levels of assurance as defined in Section 2 if it helps them in their local assurance processes. If managers identify a risk where the system of internal control is less than satisfactory, then it should be explicitly captured in their local risk register and an action plan be put in place. By implementing the risk management policy and embedding systems of internal control, managers should be able to easily provide assurance to the Board and its committees as and when required.

4. HOW DOES THIS RELATE TO PERFORMANCE MANAGEMENT?

Performance management is a key aspect of corporate governance. The role of the Board and its committees with respect to performance management is quite different from that of managers.
In simple terms, the Board will determine what the organisation’s aims, objectives and performance requirements are. The Board and its committees will require assurance that performance is in line with expectations. Where this is the case, any papers simply need to confirm that is the case to provide assurance.

Where performance is not in line with expectations, they will be seeking assurance that the causes of the level of performance are understood, and that any remedial action plan is comprehensive, deliverable, and will attend to the performance issue within an acceptable timescale. Consequently any papers that are prepared for this purpose should include the standard question for each relevant performance measure:

“What assurance do you take that the actions described will deliver the outcomes you require within an acceptable timescale?”

It remains the role of management to determine how to manage risk, and how to deliver the performance requirements.

It is possible that a dip in performance could indicate a non-significant, or a self-correcting temporary event. Management need to properly understand what performance information is telling them, as taking inappropriate action could lead to an unnecessary diversion of resources and unintended consequences. Management must also ensure that the Board and its committees are provided with accurate, timely and clear information so that they can effectively discharge their governance roles.