The Royal Hospital Donnybrook

ROYAL HOSPITAL DONNYBROOK
BOARD EVALUATION

February 2016

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1.1 EXECUTIVE SUMMARY and RECOMMENDED ACTION POINTS:

Summary

This review was undertaken during January 2016. Data on Board and Committee effectiveness were drawn from three sources ie, on-line survey, document review and individual interviews. Each stage examined the effectiveness of the existing governance framework on a number of dimensions. Based on objective analysis of these data, we have produced the commentary at Section 5 and a recommended set of action points at Section 6 of the report.

Our overall conclusion is that the Board and its Committees are operating effectively and at a level which is largely consistent with best practice governance for an institution of this type and scale. This overall conclusion is based on the consistency of findings from all stages of the review and is validated by reference to the relevant codes of good practice governance.

We are conscious that the Hospital has already introduced a number of reforms and sees itself on a course of continuous improvement. In that spirit, we are suggesting a number of additional adjustments which we feel are appropriate and timely.

Recommended Action Points

1. **Overall Governance Framework**

Recommended Action Points:

- Develop stronger Board Secretary role, with training provided as required
- Document the roles of Chair and CEO and the relationship between them.
- Consider a common style and content for sub-committee Terms of Reference.

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2. **Effectiveness of Key Roles**

Recommended Action Points

- Circulate Management Accounts to Audit Committee routinely
- Board to assure itself that meeting frequency of Audit Committee is appropriate
- Risk Management to be a standing agenda item for all Board meetings, supported by an integrated risk report on the top 10 risks

3. Board Processes and Oversight Functions

Recommended Action Points:

- Consider Risks, Board Composition and Stakeholder Engagement in the context of (implementation of) the new Strategy
- Board to consider suggestions made on Performance Management, (timing of mid-year review and annual rigorous evaluation over all relevant parameters)

4. Stakeholders and Key External Relationships

Recommended Action Points:

- Develop multi-dimensional Stakeholder Engagement Plan, including possible board appointments to under-pin key partnerships

5. Board Development and Succession Planning

Recommended Action Points:

- Give priority to greater diversity and strategically relevant competencies in considering future board composition
- Adopt best practice norms in setting maximum term for board appointments, Chair, Vice Chair and other senior board positions
- Develop competency-based role profiles as a basis for future board and officer appointments
- Consider succession planning for senior management / clinical roles.

Acknowledgements

We would like to acknowledge the support and assistance received from all of the people we engaged with in RHD at Board and Executive/Clinical levels. Our thanks in particular to the Chair and Chief Executive for facilitating ready access to all of the people we asked to meet and all of the documents we sought for review.

A special word of thanks to Denise Heffernan, for her professionalism and thoughtfulness throughout.

2.0 INTRODUCTION

The Board of The Royal Hospital Donnybrook (RHD), a voluntary hospital established by Royal Charter, engaged Governance Ireland to carry out an independently facilitated evaluation of its effectiveness and that of its Committees, by reference to the scope summarised in Para 3.0 below.

The external evaluation follows an internal review conducted in December 2014 and reflects the hospital's ethos of governance best practice, while also ensuring compliance with the requirements of the HSE governance framework.

The purpose of the assignment was to provide the Board with a comprehensive evaluation, based inter alia, on feedback obtained from board members and senior executives attending meetings of the Board. The report was also to suggest remedies to any issues requiring further attention by the Board.

3. 0 SCOPE AND LIMITATIONS

In line with the agreed scope, the assessment focused on evaluation of the following:

Areas Considered	
Overall governance framework	• structure, board and committee size and scope • clarity about roles and responsibilities • governance documentation • reserved and delegated powers
Effectiveness of:	• the chair, • individual members • committees, including their ToRs, processes and reporting • board secretariat
Board dynamic and key internal relationships	• overall board dynamic, inclusiveness, freedom to challenge • key relationships: Chair/CEO/Committee Chairs • relationships with the senior management/clinical team • confidential reporting by staff
Board processes	• strategic leadership • information flow to the Board • decision processes • oversight of hospital performance • oversight of risk management
Stakeholder Relationships	• stakeholder engagement • key external relationships
Board Development	• board and committee composition • succession planning and development opportunities

In our assessment, we have been mindful of the hospital's obligations under its own Code of Governance Manual and the HSE Governance Compliance Framework for Section 38 Agencies but our scope did not extend to a full compliance audit. We have noted the Board's obligation to provide an Annual Compliance Statement to the HSE and had sight of the Statement for 2014.

We are satisfied that the recommendations we are making in Section 6 are consistent with best practice as set out in the relevant codes and can be implemented within the boundaries of the Hospital Charter. While the Code of Practice for the Governance of State Bodies does not apply directly to the hospital, under its contractual arrangement with the HSE the Hospital is expected to import relevant aspects of that Code into its own governance framework. We have used the most recently published edition of that code as a frame of reference in our commentary (2009).

4.1 APPROACH

The review was conducted during January 2016 and comprised three inter-related, evidence-based strands, namely:

- Preparation and analysis of self-rating surveys of Board and Committee effectiveness;
- Review of relevant governance documents and (sample of) board and committee documents and records to verify or question the survey findings and validate the quality of board processes;
- Interviews with Board Members, Chair, external Committee Members, Chief Executive and other Executive and Clinical Leads, to probe any issues arising and validate preliminary conclusions from earlier stages.

In the following sections we present a commentary based on the survey and other sources ***(Section 5)*** and our conclusions and recommended action points ***(Section 6)***.

5.1 COMMENTARY BASED ON SURVEY AND OTHER SOURCES

A self-evaluation questionnaire was circulated to all members of the Board, external members of Board Committees, the CEO, Medical Director, Director of Nursing and Financial Controller.

The survey scores are based on a scale of 1.0 to 4.0 where practices rated:

- Above 3.0 (green) are considered acceptable
- Between 2.0 and 3.0 (yellow) would require some remedial attention
- Below 2.0 (red) are unacceptable and would require immediate corrective action.

Based on our experience of conducting such surveys, we have concluded that a rating above 3.6 is consistent with best practice. The Board scored above this rating under each of the themes, with Board Dynamic highest and Stakeholder Relationships lowest.

The average score of 3.8 reflects very positively on the Board's overall performance but as revealed in Table 1 and commentary below, this average reflects some variation across individual headings. There was a high level of consistency between any concerns reflected in the survey results and the matters raised in subsequent stages. No unacceptable practices are identified.

In the following paragraphs we outline the high level results from the survey, with more detailed results presented in Appendix 2.

Firstly, some key features:

- There was a 100% response rate with all respondents completing the board and committee surveys.
- Respondents were asked to score the Board/Committee in response to each statement on a scale of 1 (strong disagreement) to 4 (strong agreement).
- In total there were 111 questions on Governance put to Board members, under 15 different headings. In addition, sub-committee Chairs and members were asked to address 25 specific sub-committee questions in a separate survey. For the purposes of consistency, we have analysed and presented the data under the broader headings set out in Table 1. This is designed to address issues thematically and to map more readily onto the areas outlined in the original RFQ document, while providing a high-level commentary on overall governance effectiveness. In the commentary, we have also drawn on other stages (doc review and interviews) where this is helpful in clarifying an issue.

Board members were also invited to add comments and the substantive points made have been considered alongside the numerical results. The scoring reflects a high consciousness of governance responsibilities and a high level of assurance by respondents based on the current arrangements. In the following commentary, we focus more on those issues where there was some level of disagreement, with the relevant score quoted in brackets in each case.

Board and Senior Executive Survey		
Theme #1	OVERALL GOVERNANCE FRAMEWORK	3.8
Theme #2	KEY ROLES	3.8
Theme #3	BOARD DYNAMIC AND KEY INTERNAL RELATIONSHIPS	3.9
Theme #4	BOARD PROCESSES AND OVERSIGHT	3.7
Theme #5	STAKEHOLDERS AND EXTERNAL RELATIONSHIPS	3.6
Theme #6	BOARD DEVELOPMENT AND SUCCESSION PLANNING	3.7
	Overall Summary of the Board and Senior Executive Survey	3.8

Table 1: Thematic Results of Board Survey

Theme1: Overall Governance Framework (3.8)

- ***Board and Committee Structure, Size and Scope:*** The Board currently consists of 12 members elected by the Governors and 2 members nominated by Dublin City Council. Appointment of elected members is guided by competency requirements and is overseen by a Nominations and Governance Committee. Other board committees include the Executive, Audit, Clinical Governance and Remuneration Committees.
  Board members express high satisfaction levels with the current number and operation of committees (3.9) and with the current frequency and duration of board meetings (3.9).

  There are more mixed views about board size (3.6), though overall the score reflects a strong level of agreement that board size is appropriate.

- ***Clarity about Roles and Responsibilities:*** From our review, the role and responsibilities of the Board and each Committee are clearly documented and the distinct roles of the Board and Executive Team are strongly reflected in all governance documentation and board practices. This is reflected in high scoring for most questions under this heading (3.8). Two exceptions relate to the role of the Board Secretary (2.8) and formal documenting of the respective roles of Chair and CEO (3.1). We return to both items later.
- ***Governance Documentation and Processes:*** The Hospital has a strong governance framework, documented in a Code of Governance Manual which was approved by the Board in May 2014. This is supported by a set of policies and processes which give practical effect to the intentions of the Code. From our review of board documentation, we are satisfied that this framework is appropriate and proportionate and that it informs decision-making and behaviors more generally at board level and throughout the Hospital. This is the backdrop to the universally high scores under this heading.

- ***Reserved and Delegated Powers:*** This was similarly an area of very high scoring, reflecting the care taken by the Board with delegations to Executive and Committees. Again, this was verified in later stages of the review.

- ***Compliance:*** Most scores under this heading were rated very highly (3.7+). The one exception was in relation to the Hospital being in full compliance with the requirements of the HSE Service Level Agreement (3.5), presumably reflecting recent difficulties in reconciling HSE requirements with the terms of the Hospital Charter.

Theme 2: Performance of Key Roles

- ***Chair:*** Each aspect of the performance of the Chair role attracted a high score, with no reservations expressed. This is consistent with all of the feedback we received on the performance of this role throughout the assignment.
- ***Board Members:*** The survey did not, for obvious reasons, seek direct feedback on this topic. However, the effectiveness of the contribution being made by individual board members is implicit in the strong attendance record at board and committee meetings, the multiple roles played by many members and their obvious impact on the governance of the Hospital, which became clear in later stages of the assignment.
- ***Board Committees:*** See Table 2 and accompanying notes below.

- ***Board Secretary:*** While the Board Members express a high level of satisfaction with the level of information and support received from the Secretary (3.9), other aspects of the structuring of this role attracted low scores (2-2.8), suggesting that further thought needs to be given to strengthening the role.

Theme 3: Board Dynamic and Key Internal Relationships

- ***Board Dynamic:*** This proved to be one of the highest scoring features of the board, confirming a highly participative, open, inclusive, productive and very engaged board dynamic. The scoring on one aspect, somewhat paradoxically, also suggested some degree of dominance of discussion by a small number of board members. Based on our subsequent discussions with Board Members, we are satisfied that this score most likely reflects normal human behaviors rather than any impediment to full board participation.
- ***CEO and Senior Management:*** All aspects of this set of key relationships were scored very highly, suggesting clear understanding of respective roles, mutual respect and an appropriate balance of support and challenge. The constructive quality of these relationships from both perspectives was later corroborated in our discussions with both Board Members and Senior Management in equal measure.

- ***Committee Chairs:*** It is very clear from the survey results, and corroborated by the document review and discussions with Board Members, that the Chairs of all Committees fully understand their respective briefs and take their leadership role very seriously. Other Board Members reported a high level of satisfaction with the role played by each Committee Chair and there is clear evidence of formal reporting and an appropriate relationship with the Board Chair. There is also an effective means for co-ordinating the respective roles of the Audit and Clinical Governance Committees in regard to hospital-wide risk management.

Theme 4: Board Processes and Oversight Functions

- ***Strategic Leadership:*** There is ample evidence in board papers of the strategic thinking undertaken by the Board and its Committees, particularly the Executive Committee. The Board is currently engaged in the development of a new strategy for the coming period and we return in Section 6 to look at some of the links to its governance role. Our review of Board Packs showed clear evidence of the emphasis placed on strategic issues at board meetings.

  This is the backdrop to the very high scores recorded on all questions on this topic.

- ***Information Flow:*** The survey scoring and all of the documentation we have reviewed confirm that the information supplied to the Board is sufficient, timely, relevant and understandable. In later stages of the review, the challenge for non-clinicians in fully understanding some of the clinical issues presented at board meetings was raised. This opened a question about board composition and we return to this in Section 6.
- ***Clarity of Decision Processes:*** While the survey did not probe this directly, the responses to many of the questions confirm that the Board places appropriate emphasis on clarity about roles, responsibilities and accountabilities. Later stages of the review confirmed a very deliberate approach to the ordering of items for board consideration and clear recording of decisions made. The following paragraphs confirm that performance expectations are set by the Board and are followed up in their inter-action with the CEO and senior management. No issues raised.
- ***Performance Oversight:*** All of the responses on this topic confirm that the Board has a strong culture of performance and KPI review and a very strong focus on financial performance and budget management in particular. The scoring of two questions, concerned with mid-year review and rigorous evaluation across all relevant parameters at least annually, reflects a more mixed view on these specific aspects of performance oversight.

  The comments made by respondents make reference to some of the underlying considerations e.g. the absence of a July meeting of the Board and the possible benefit of a more rigorous annual evaluation of each section of activity. A worry is also expressed

that the service implications of some of the financial or HR measures that are decided, may not always be fully appreciated by all Board Members.

Other stages of the review confirmed that oversight of hospital performance under all relevant headings is given heavy emphasis in the work of the Board and its Committees. It is also clear from Board Papers that there is regular detailed reporting by the CEO and the senior team, including a KPI Dashboard. From our meetings with Board Members and the Senior Team, we understand that reports are robustly probed and progress challenged where necessary, though this is not immediately obvious from the Board Minutes. See also the commentary below on relevant Committees.

Board papers also confirm the level of anxiety and additional workload imposed on the Hospital, at Board and Executive levels, arising from the difficulties experienced in reconciling the requirements of the SLA with the Board's obligations under the RHD Charter.

- ***Risk Oversight:*** There is clear evidence that the Hospital prioritises risk management at Board and Executive Levels. The relevant powers are delegated to the Audit and Clinical Governance Committees, with clear terms of reference for each and a means of coordinating their respective activities through an annual meeting of both Committee Chairs with the Board Chair. This is under-pinned by a well-structured programme at Executive and Clinical levels which clearly assigns responsibility for identifying, monitoring and managing key risks (clinical and non-clinical) throughout the hospital. Overall, this presents as a robust and well managed approach to Risk Management and its oversight at Board level.

  Our discussions with Board Members on this topic confirmed their confidence in the work undertaken by the Audit and Clinical Governance Committees, as well as their respect for the professionalism of senior (executive and clinical) management.

  Overall, we have seen convincing evidence at all stages of the review of an effective approach to the various dimensions of risk management in a hospital context and are satisfied that the Audit and Clinical Governance Committees operate very effectively. One reservation however, relates to the on-going engagement by the Board as a whole with the integrated set of main risks faced by the Hospital, partly reflected in the only low score (2.9) to the question about Risk Management as a standing item on the Board Agenda. We return to this topic in Section 6.

Theme 5: Stakeholders and Key External Relationships

- ***Stakeholders:*** As a relatively small hospital within a much larger health system and with a heavy dependence on public funding, the expectation would be that the Hospital would put emphasis on developing and maintaining constructive relationships with key stakeholders. There is evidence that it does so at a number of different levels.
  Earlier iterations of stakeholder mapping have identified the most relevant parties and the Hospital has developed strategic relationships with a number of these e.g. SVH and UCD which have delivered clear benefits. On-going activities reflect strong relationships with other external parties also.

  In addition, the work of the Friends of the RHD and engagement with the wider group of Governors (200) ensure that the work and interests of the Hospital are brought to notice and supported by both of these broader groups.

  Scoring on this topic reflected these positive experiences but was also influenced by some of the recent experience with the HSE in particular. The lowest score (2.9) related to the quality of the relationship with the HSE/Department. .

- ***Other Key Relationships:*** While there is ample evidence of the hospital's communications with other key groups, internal and external, the scoring for this topic was relatively low (3.5), reflecting some degree of dissatisfaction with current arrangements. This, along with other findings, suggests a need to focus stronger attention on external relationship building in the future. We pick this up later.

Theme 6: Board Development and Succession Planning

- ***Board Competencies:*** Board recruitment is very clearly competency-based and there is evidence that the Board, through the Nominations and Governance Committee, analyses requirements and makes very deliberate choices in the selection of new candidates for election to the Board. Members nominated by Dublin City Council also contribute to the competency pool.
  Scoring on the presence of key competencies was correspondingly high, with one exception. The lowest score (3.2) related to the presence of required collective competencies in Stakeholder Relationships and Communications. This is consistent with the earlier discussion around this topic and will be returned to in Section 6.

  Board Development: Where a competency gap is discovered on a board, the solution will usually lie in training or board recruitment. Board development embraces the continuum from induction training at the point of recruitment through the various opportunities for refresher training, if required, and non-routine Board events such as

Away Days, Board Dinner etc. Apart from group events, it should be open to individual board members or committees to seek support or training on relevant topics, within reasonable limits.

While survey scores confirm the presence of a comprehensive induction programme and detailed board manual, the lowest scores under this topic were for opportunities for board development in line with identified competency needs (3.2). A related question about access to external advice, where needed, achieved a score of (3.5), also relatively low.

We return to this topic in Section 6.

Succession Planning: Consistent with the commentary above on board competencies, there is strong evidence of the Board's pro-active approach to succession planning at board level. This is reflected in high scores for the Chair ensuring that succession planning is undertaken (3.8) and board monitoring of competency requirements (3.7).

By contrast, the score for the board having a specific succession plan for the CEO was relatively low (2.5), perhaps reflecting the relatively recent appointment of the current CEO.

Overall, there is evidence of pro-active succession planning which should extend to relevant positions in the management structure as required.

Theme 7 : Board Committees

Members of each Committee were asked to complete a standard survey on the effectiveness of the Committee. Overall the scoring was relatively high (3.7-3.9) reflecting a strong sense of assurance by each Committee about its own operations and effectiveness. In the following commentary, we again focus on the areas of greatest disagreement.

One general finding related to the evaluation of performance and consideration of development needs or succession planning by the Committees themselves. Other than the Nominations and Governance Committee, we conclude that this is not part of current practice in the RHD governance regime. Once these needs are considered somewhere in the structure, this is not a significant flaw but we do suggest later that the Board consider this further as part of the overall agenda on Board Development

Sub-Committee Survey Category Summaries		
EXECUTIVE COMMITTEE ASSESSMENT SURVEY		3.9
CLINICAL GOVERNANCE COMMITTEE ASSESSMENT SURVEY		3.8
AUDIT COMMITTEE ASSESSMENT SURVEY		3.8
NOMINATIONS & GOVERNANCE COMMITTEE SURVEY		3.7

Table 2: Results of Board Subcommittees Survey

- ***Executive Committee (3.9):*** As the overall score suggests, apart from the general point above, the Committee scored highly on all counts. Given the significance of this Committee's work in supporting the Board on strategic and urgent matters of importance, it would be expected that its meetings would receive the same level of priority and attention as the main Board. This is reflected in the scoring.
- ***Audit Committee (3.8):*** Within this high overall score, three issues are identified which scored below the threshold and merit further consideration. They raised some questions about regular review of ToRs, adequacy of information flow and frequency of meetings. The latter two issues were also raised in our meetings with committee members, and we suggest some action points in Section 6. None of the above raised any doubt about the overall effectiveness of the Committee, as reflected in the high overall score, feedback from Board Members and our own examination of relevant documentation.
- ***Clinical Governance (3.8):*** Within this high overall score, only one issue fell below the threshold. This is concerned with 'meeting with external bodies as required'. Given the nature of the Committee's work it is not immediately clear that this would present any impediment to effectiveness. No concerns around this were raised in meetings with Board Members or the Committee Chair. On this basis, we are not suggesting any change.
- ***Nominations and Governance (3.7):*** Somewhat surprisingly, this was the lowest scored Committee, though still at a high level overall. Our interpretation is that the comments mainly refer to the nominations aspects of the Committee's brief, where understandably, a lot of discretion is required in the consideration of individual candidates for specific appointments. However, questions do arise about the effectiveness of the processes employed under a number of headings and we suggest some action points in Section 6. Again, the overall effectiveness and impact of the Committee's work has not been

questioned and there is ample evidence of a live process around succession planning which results in appropriate appointments being made. We do believe that greater clarity could be brought to the Committee's work, particularly in regard to the criteria for appointments and the rationale for specific choices being proposed.

Concluding Comment

As a general caution, surveys of this nature can only provide a general guide to relative performance as they are based on summary analysis of very small numbers. However, they are useful in identifying trends and suggesting themes for further consideration.

The overall scores achieved on the survey reflect very positively on the effectiveness of current governance arrangements in RHD. It is also clear to us that the Board and Senior Team demonstrate a high level of awareness of governance requirements in the ways in which they act out their respective roles. This is evidenced in the survey scores but also corroborated in the documents we have reviewed and in our discussions with both groups.

In selecting particular topics for further comment we have adopted a score of 3.6, as the point below which we believe attention is required. We are conscious that this is a demanding threshold but believe that in the context of the Board's ambition for continuous improvement, the areas identified merit further consideration. That is the spirit in which we now address overall findings and recommendation is Section 6.

6 CONCLUSIONS AND RECOMMENDED ACTION POINTS

6.1 Overview

The RHD has come through a period of significant change which is likely to continue, if the Hospital is to succeed in its strategic ambitions. This can be expected to pose challenges to the Board and to the Executive and Clinical Leadership of the Hospital. In particular it is likely to require greater attention to proactive building and maintenance of constructive relationships with all key stakeholders, as one of the strategic tasks to be pursued at Board and Senior Executive level in the context of **implementing** the Hospital's emerging strategy for 2016-19.

The Board is already embarked on a journey of continuous improvement in articulating and acting out its role of providing leadership, direction and control in the Hospital. Hospitals are by their nature complex organisations, presenting on-going challenges in reconciling increasing demand pressures with fixed or falling resources in a high-risk operational environment. All of the evidence we have examined points to a highly committed and engaged Board, which takes its responsibilities seriously, works effectively with Executive and Clinical leadership in the hospital and is actively addressing the expected range of governance and compliance issues in an appropriate and proportionate manner. Our overall conclusion is that the Board is discharging its governance role effectively but we have suggested a number of adjustments which we believe could further improve effectiveness.

Any suggestions we make under the headings below, should be considered in this general context.

6.2 Overall Governance Framework

6.2.1 Structure, Board and Committee Size and Scope

Based on all aspects of our assessment, we have no reason to question the effectiveness overall of the Governance Framework in RHD.

The governance structure reflected in the organigram at Appendix 5 provides coverage of each of the relevant areas and governance processes are effective, subject to suggestions for improvement below.

In regard to Board size, we have noted that the existing Board size is well within the boundaries provided for by the Charter. Given the need for a diversity of skill sets and backgrounds and to populate four busy committees, we believe that the current size is of the right order. In our discussions with Board Members, while a range of views about ideal Board size were expressed, we did not find any strong support for significant change to the existing numbers.

The Committee structure is very strong and the Board places a lot of reliance on the effectiveness of each Committee in providing assurance that all governance requirements

are adequately covered. We do propose some improvements to the processes of two of the Committees later.

One feature of the structure that we have looked at in particular is the inter-play between the Exec Committee and the Board, in the context of the Board's collective responsibilities. While the Committee's accountability to the Board is explicit, the net impact of this structure is that six Board Members attend twelve board-related meetings per annum, with the other eight attending seven such meetings. We probed the effectiveness and acceptability of this structure in our meetings with Board and Senior Management and no particular issues emerged. The model enjoys wide support and is seen as an efficient, but also effective, use of time for a voluntary board. We have no reason to question this and no changes are proposed.

6.2.2 Clarity about Roles and Responsibilities

The issues we identified under this heading relate to the role of the Board Secretary and formal documenting of the respective roles of Chair and CEO.

The significance of the Board Secretary role in guiding and supporting board effectiveness is recognized in all codes of governance best practice. The role should have some degree of formality, be seen as a resource to the Board and should report to the Board. It should in particular provide support to the Chair in ensuring that governance requirements are in fact being met and that any necessary information and support, including specific training or advice if required, is provided to Board Members. While Board Members expressed their satisfaction with the existing level of support received, we believe that some further strengthening of the role is justified. This could be under-pinned with access to some training on the full range of the Board Secretary role.

While we do not believe that there is any ambiguity about the respective roles of Chair and CEO, we would recommend that, as a matter of good practice, both roles and the relationship between them should be documented.

6.2.3 Governance Documentation and Processes, Reserved Powers and Compliance

Based on the commentary in Section 5, we consider that all three are very strong and have no improvements to suggest. Later, we do propose some improvements in process related to two Committees.

Also, the strengthening of the Board Secretary role suggested above could further under-pin the compliance aspects of the Board's role. We have no other improvements to suggest under these headings.

Recommended Action Points :

- ***Develop stronger Board Secretary role, with training provided as required***
- ***Document the roles of Chair and CEO and the relationship between them.***

6.3 Performance of Key Roles

6.3.1 Chair

Feedback from all stages of the review confirms that this role is performed to a very high standard and that it provides effective leadership at Board level.

6.3.2 Board Members

Again, all of the available evidence points to a positive assessment of the contribution and experience of Board Members, often in multiple roles. The Governance Manual sets out the general expectations of the Hospital Board. The minutes of Board and Committee meetings confirm that the Board is actively engaged in addressing all of the matters outlined in the Governance Manual. All stages of the review confirmed a serious level of commitment and the presence of the required collective competence, within the Board and each Committee.

6.3.3 Board Committees

The commentary at 5 above, while acknowledging the strength of the current committee structure and value of the work currently undertaken, did raise some issues in relation to two of the Committees, Audit and Nominations and Governance. All are easily addressed.

The Audit Committee currently meets three times annually and all available evidence suggests that it performs its role effectively. Its Terms of Reference are clear and include, inter alia, review of Financial Reporting and Annual Financial Statements, prior to board approval.

While not specifically required to review Management Accounts, members of the Committee did comment on the benefits of access to this data over the course of the year as a useful input to the review of Annual Financial Statements. We would support this by reference to best practice.

A second issue relates to meeting frequency. Each committee needs to determine its own requirements in this regard. However, the standard recommended in the Code of Practice for Governance of State Bodies would see a minimum of four meetings per year. While not directly applicable to the RHD, the HSE governance framework requires provider agencies to be guided by the Code. Many boards adopt a cycle synchronised with Board meetings. Given the reliance obviously placed by the Board of RHD on the work of the Committee, it should re-assure itself that the existing meeting frequency is sufficient.

In relation to the Nominations and Governance Committee, a desire for greater transparency in its decision-making was raised by a number of Board Members. It should be possible to do so without compromising the need for confidentiality in consideration of particular individuals for particular positions. Possible measures are discussed further at 6.5.6.

6.3.4 Committee ToRs

We noted that the ToRs for Board Committees are reviewed on an annual basis by the Nominations and Governance Committee, most recently in late 2015. We reviewed each Board Sub-Committee's Terms of Reference and confirm that they address best practice committee oversight. It is also clear that each Committee works to the ToRs approved by the Board. While not impacting directly on committee effectiveness, we noted a variation in the layout and content of ToRs for different committees and would suggest that a consistent ToR 'house style' is adopted for each committee.

ToR's reviewed

- Clinical Governance Committee
- Audit Committee
- Executive Committee
- Nominations and Governance Committee

For illustration, a comparative table is attached at appendix 4.

6.3.5 **Board Secretary**

The strengthening of this role has already been proposed at 6.2.2 above.

Recommended Action Points:

- *Circulate Management Accounts to Audit Committee routinely*
- *Board to assure itself that meeting frequency of Audit Committee is appropriate*
- *Adopt a consistent framework for ToRs for all Committees*

6.4 Board Dynamic and Key Internal Relationships

The proven effectiveness of three key sets of internal relationships, i.e. within the Board, between Board and Senior Management and between Committee and Board Chairs, has already been acknowledged at Section 5 earlier.

The quality of these sets of relationships has been manifest in all aspects of the Board's performance.

We have no additional suggestions to offer under this heading.

6.5 Board Processes and Oversight Functions

6.5.1 Strategic Leadership

This is a strength of the Board which has already been acknowledged at Section 5 earlier. We have noted that work is underway on the preparation of a strategy statement for 2016-19.

On the assumption that the new strategy will connote some level of development and change for the Hospital, there are a number of governance related issues which should receive consideration by the Board in tandem.

Firstly, the strategy building process should also identify the main risks associated with implementation. These will then need to be mapped onto the Hospital's on-going Risk Management Framework and managed into the future alongside other risks.

Secondly, the Board should think afresh about its own composition in the context of the new agenda it wishes to pursue under the strategy. It may be that new needs in terms of the optimal set of board competencies will arise.

Thirdly, the Hospital should consider more fully the potential of stakeholder engagement in furthering its ambitions, to be set out in the strategy. This has emerged as one of the relatively weaker competencies on the Board and will need to be addressed more assertively at Board and Management levels in moving the strategy forward.

6.5.2 Information Flow and Clarity of Decision Processes

Both have emerged as areas of strength and, beyond the suggestion about Management Accounts being circulated to the Audit Committee, we have no further suggestions for improvement.

6.5.3 Performance Oversight

While all of the evidence available to us would support this as a strong feature of the Board and Hospital more generally, we do believe that the Board should give consideration to the small number of additional points made on this topic in the survey responses i.e.

- Possible benefits of a more rigorous annual review of each section of activity;
- Within the existing Board Schedule, provide an opportunity for consideration of a mid-year review and year-end projection for relevant performance measures; and
- Ensure that the service implications of Financial/HR adjustments are fully understood by all Board Members when decisions are being taken.

Beyond consideration of these points by the Board, we have no further suggestions for improvement under this heading.

6.5.4 Risk Oversight

From the discussion of this topic in Section 5, we are satisfied that the Hospital has in place all of the elements of an effective Risk Management Framework, based principally on the work undertaken by the CEO and Team at executive/clinical level with rigorous oversight by the Audit and Clinical Governance Committees.

Recent thinking in best practice governance has placed renewed emphasis on the collective responsibility of the Board for risk oversight. In the HSE context, there is a heavier focus on Board responsibility for integrated performance and risk management, where the impact of interactions is fully appreciated. The point made earlier about understanding the full impact on service users of incremental changes in Finance or HR is closely related.

It is also a requirement of the Code for Governance of State Bodies that Risk Management is a standing item on the agenda for all board meetings.

Notwithstanding the effectiveness of the framework already in place, we recommend that the Board adopt Risk Management as a standing agenda item with a sufficient allocation of time to enable the Board collectively to consider an integrated risk report, covering the top 10 most serious risks at each meeting.

Recommended Action Points:

- ***Consider Risks, Board Composition and Stakeholder Engagement in the context of (supports to implementation of) the new Strategy***
- ***Board to consider suggestions made on Performance Management***
- ***Risk Management to be a standing agenda item for all Board meetings, supported by an integrated risk report on the top 10 risks***

6.5.5 Stakeholders and Key External Relationships

From the discussion of this topic at Section 5, it is an area that will require renewed priority as the Hospital sets about positioning itself on a rapidly moving landscape. In doing so, the Board will need to strike the right balance between protecting the RHD's heritage and assets and creating the right alliances and partnerships to ensure sustainability into the future, where greater adaptability in role and operations are likely to be a requirement.

Stakeholder mapping should be a natural companion to the strategy-making process now underway. The Hospital should give priority to developing a multi-dimensional stakeholder engagement plan, building on recent successes in generating more positive relationships with the HSE and other significant external parties.

As one dimension, the possibilities around involving likely future partners at Board level should be considered in the context of future board recruitment.

Recommended Action Points:

- ***Develop multi-dimensional Stakeholder Engagement Plan, including possible board appointments to under-pin key partnerships***

6.5.6 Board Development and Succession Planning

From the discussion at Section 5, it is clear that this topic is already a live item on the Board's agenda.

In thinking through the implementation plan for the new strategy, board composition should be a natural topic for consideration. It is possible to look at the needs of any board, under three generic headings :

- Sectoral and technical competencies;
- Business/managerial type competencies; and
- Strategic/Innovation/Management of Change

In practice, some combination of all three will be found in many board members, and a board may emphasise one set over others for particular periods, based on strategic needs during that period.

Any assessment of future competency needs lay outside the scope of this exercise. While conscious of the work already being undertaken by the Nominations and Governance Committee, we recommend that a new look be taken at competency needs, which specifically examines the likely demands on the Hospital and the Board associated with successful implementation of the emerging strategy. In that context, we would also recommend that the balance between different categories of competency, e.g. business vs clinical, be specifically considered and also that the point made earlier about strategic alliance building be taken into the mix.

The aim should be to build greater diversity into Board composition, again as a principle of best practice. We note the exceptionally long service provided by some Board Members (three with 20 years plus). This is understandable in a context where the Charter does not place restrictions on total duration of appointment. However, current best practice thinking is that a Board should include a balance of experience and innovation and that this is best achieved through regular renewal of composition.

More opportunity to do so should arise from the policy already adopted to limit appointments to the Board to 4x3 year terms. While a move in the right direction, this position still falls short of generally accepted best practice of a maximum of 3x3 year terms. We recommend that the

Board gives further thought to adjusting its current policy in line with this best practice standard, to a maximum term of 3x3 years, plus period of co-option in advance of election.

A similar standard should be adopted for the Chair and other senior positions, limiting appointments to a maximum of 2x3 year terms. The opportunity should also be taken in succession planning for next appointments to the Board and the Chair and Vice-Chair roles to be explicit about the competencies required and to make this the over-riding consideration in future appointments.

We also recommend that the Nominations and Governance Committee consider going as far as it can in developing a more transparent framework for its activities, to the benefit of other Board Members and candidates alike. It may be possible, for example, to be more explicit about the competency gaps to be addressed by particular appointments and to develop 'competency based role profiles' for specific positions e.g. Committee Chairs and other senior board roles.

As noted earlier, succession planning in relation to board recruitment is well established but less so in relation to senior Managerial or Clinical roles. While recognising the challenges involved for a relatively small organisation we believe it merits greater attention, not least from a risk management perspective. This should be addressed by the Noms and Governance Committee in collaboration with the CEO.

Recommended Action Points:

- ***Give priority to greater diversity and strategically relevant competencies in considering future board composition***
- ***Adopt best practice norms in setting maximum term for board appointments, Chair and other senior board positions***
- ***Develop competency-based role profiles as a basis for future board and officer appointments***
- ***Consider succession planning for senior management / clinical roles.***

APPENDICES

- **Evaluation Stages**
- **Survey Results**
- **Reference Materials**
- **Committee ToRs Review**
- **Organigram**

Appendix 1

The Five Stages of the Review:

I. Planning and Preparation

Prior to commencement, a project plan was prepared, in consultation with the designated representative of RHD, covering the following areas:

a) Confirmation of the scope and objectives of the assignment.

b) Access to relevant documents and records.

c) Briefing on previous assessments and follow-up.

d) Scheduling and arranging access to relevant people for interview purposes.

e) Timescale for each phase of the Governance assessment.

f) Formal issues e.g. contractual and confidentiality agreement.

II. Design of On-line Survey

A survey was prepared so as to enable each participant to give his/her views on the effectiveness of the current governance arrangements in RHD and to actively encourage comments for improvement. We designed a comprehensive on-line survey for all Board members and invited the Senior Management to participate also.

Four further Sub Committee on-line surveys were designed, each individual committee member completed their particular survey.

III. Review of Board Documents and Processes

We examined a sample of Board documents and records to verify or question findings from the survey and to validate the quality of processes used by the Board and its Committees.

Documents viewed included:

- RHD Code of Governance and reference Codes of Governance (HSE,State Bodies)
- RHD's, strategy / business plan.
- Hospital Charter
- Mission, vision and values statements.
- Organisation description and organisation chart.

- Letters of appointment
- Matters reserved for the board.
- Delegated powers.
- Board Sub-Committee's Terms of Reference.
- Minutes of board and sub-committee meetings
- Sample Board pack, Information to board incl Management Reports
- Induction content
- Risk management framework
- HIQA reports, findings, management actions and the Boards response
- Internal audit report(s) any findings and the Boards response
- Annual Report
- Annual HSE compliance statement
- HSE Section 38 Service Level Agreement (parts of)
- Policy Documents
    - Freedom of information policy.
    - Data protection,
    - Patient Charter,
    - Protected disclosures (whistle-blower) policy.
    - Board members code of conduct, policy,
    - Board members expenses, travel policies

IV Interview Programme

Interviews focused primarily on establishing the extent to which the Board satisfies the criteria set out in section 2, building on the knowledge gained from earlier stages, including follow-through on any questions they raised. The objective was to surface any areas of concern, probe any issues raised by the survey results and discuss possible improvements by reference to best practice.

V. Report Phase

The Governance Ireland team produced a final report which:

• Made findings and recommendations addressing all matters specified in the RFP

• Identified strengths and any areas for suggested improvement

• Recommended actions to address areas for improvement.

• All of the above in a context which references the Board's performance against best practice for similar type organisations.

Appendix 2

Survey Results

a) Full Board and Senior Executives,
b) Sub-committees

(a) Board and Senior Executive Survey

Board and Senior Executive Survey		
Theme #1	Overall Governance Framework	3.7
Theme #2	Overall Key Roles	3.8
Theme #3	Board Dynamic and Key Internal Relationships	3.9
Theme #4	Board Processes and Oversight	3.7
Theme #5	Stakeholders and External Relationships	3.6
Theme #6	Board Development and Succession Planning	3.7
	Overall Summary; Board & Senior Executive Survey	3.8

Theme #1; Overall Governance Framework Theme Summaries		
Boards and Committees; size and scope		3.8
Clarity re roles and responsibilities;		3.6
Governance Documentation and Processes		3.8
Reserved and Delegated Functions		3.9
Compliance		3.8
Overall; Governance Framework		3.8

Theme #2; Overall Key Roles, Theme Summaries	
Chair	3.9
Board Members	3.8
Group	3.8
Board Secretary	3.4
Overall; Key Roles	3.8

Theme #3; Board Dynamic & Key Internal Relationships, Theme Summaries	
The Board Overall	3.8
CEO and Senior Management Overall	3.9
Committee Chairs Overall	3.9
Overall; Board Dynamic &Key Internal Relationships	3.9

Theme #4; Board Processes and Oversight, Theme Summaries	
Strategy	3.8
Information Flow	3.8
Performance Oversight	3.8
Risk Management Oversight	3.7
Overall; Board Processes and Oversight	3.7

Theme #5; Stakeholders and External Relationships, Theme Summaries		
		3.7
Overall; Stakeholder Engagement		
		3.6
Stakeholders and External Relationships		
Overall; Stakeholders and External Relationships		3.6

Theme #6; Board Development and Succession Planning Theme Summaries		
Overall; Board Development		3.8
Overall; Succession Planning		3.5
Overall Board Development &Succession Planning		3.7

(b) Sub-Committees Survey, Summary Results

Theme #7; Overall Sub-Committee Survey Results, Category Summaries		
EXECUTIVE COMMITTEE ASSESSMENT SURVEY		3.9
CLINICAL GOVERNANCE COMMITTEE ASSESSMENT SURVEY		3.8
AUDIT COMMITTEE ASSESSMENT SURVEY		3.8
NOMINATIONS & GOVERNANCE COMMITTEE SURVEY		3.7

Appendix 3

Reference Materials

- Royal Hospital Donnybrook's, Code of Governance Manual
- Code of Practice for the Governance of State Bodies, Department of Finance, 2009
- Framework for the Corporate and Financial Governance of the Executive (pursuant to Section 35 of the Health Act 2004)
- Annual Compliance Statement, Board and Corporate Governance Requirements, Section 38 Providers
- HSE Service Level Agreement

Appendix 4

Committee Terms of Reference

Schedule of review

Terms of Reference Headings Committee Title	Clinical Governance Committee Terms of Reference	Audit Committee Terms of Reference	Executive Committee Terms of Reference	Noms & Gov Committee Terms of Reference
Purpose	Defined	Defined	Defined	Defined
Management	Not Defined	Defined	Not Defined	Not Defined
Objectives	Not Defined	Defined	Defined	Defined
Role and Responsibilities / Duties	Defined	Defined	Not Defined	Defined
Authority	Not Defined	Defined	Not Defined	Defined
Access to External Advice	Not Defined	Defined	Not Defined	Not Defined
Accountability Reporting Relationships	Defined	Not Defined	Not Defined	Not Defined
Verbal & Written Reports	Defined	Not Defined	Not Defined	Not Defined
Performance of Committee	Defined	Not Defined	Not Defined	Not Defined
Frequency of Meetings	Defined	Defined	Defined	Defined
Minutes	Not Defined	Defined	Not Defined	Defined
Membership	Defined	Defined	Defined	Defined
ToR Approval and Next Review Date	Defined	Not Defined	Not Defined	Not Defined

Appendix 5

The Royal Hospital Donnybrook Corporate & Clinical Governance Structures 2015