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Bwrdd Iechyd Prifysgol  
Bae Abertawe  
Swansea Bay University  
Health Board



<b>Meeting Date</b>	<b>15 May 2020</b>	<b>Agenda Item</b>	<b>2.2</b>	
<b>Report Title</b>	<b>Compliance with the Corporate Governance Code</b>			
<b>Report Author</b>	Liz Stauber, Head of Corporate Governance			
<b>Report Sponsor</b>	Pam Wenger, Director of Corporate Governance			
<b>Presented by</b>	Pam Wenger, Director of Corporate Governance			
<b>Freedom of Information</b>	Open			
<b>Purpose of the Report</b>	The purpose of the report is to set out the health board's compliance with the corporate governance code during 2019-20.			
<b>Key Issues</b>	The accountability report submitted to Welsh Government as part of the end of year arrangements requires the health board to confirm whether it has complied with HM Treasury's 'Corporate governance in central departments: code of good practice' and it has not, outline the reasons as to why. As a result, an assessment was undertaken against each of the sections applicable to the health board to demonstrate that it has complied with the code for the duration of the year and can state as such in its accountability report.			
<b>Specific Action Required</b> <i>(please choose one only)</i>	<b>Information</b>	<b>Discussion</b>	<b>Assurance</b>	<b>Approval</b>
	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>Recommendations</b>	Members are asked to: <ul style="list-style-type: none"> <li>• <b>NOTE</b> the report.</li> </ul>			

## COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

### 1. INTRODUCTION

The purpose of the report is to set out the health board's compliance with the corporate governance code during 2019-20.

### 2. BACKGROUND

The accountability report submitted to Welsh Government as part of the end of year arrangements requires the health board to confirm whether it has complied with HM Treasury's 'Corporate governance in central departments: code of good practice' and if not, outline the reasons as to why. As a result, an assessment was undertaken against each of the sections applicable to the health board to demonstrate that it has complied with the code for the duration of the year and can state as such in its accountability report.

### 3. GOVERNANCE AND RISK ISSUES

The manual for accounts, which is issued each year by Welsh Government, sets out which sections of the code of practice with which the health board is expected to comply. These are set out in the table below (paraphrased for ease) alongside the action taken within the organisation.

Requirement of the Code	How the Health Board Complies
Role of the Board	
2.1 Each department should have an effective board, which provides leadership, helping it to operate	The health board has a full board in place comprising executive directors and independent members.
2.2 The board forms the collective strategic and operational leadership.	The board oversees the full organisation, including the implementation of the annual plan, organisational strategy and clinical services plan, providing leadership which is then cascaded down.
2.3 The board does not decide policy or exercise the powers of the ministers.	Such decisions are made by Welsh Government with the board advising on and monitoring the implementation.
2.4 The board should meet at least on a quarterly basis.	Meetings take place as a minimum bi-monthly.
2.7 The board supports the accounting officer	A report as to the financial position is received at every board meeting, supported by adhoc reports on issues such as budget setting. There is also a monthly Performance and Finance Committee to provide scrutiny and assurance, although this has been stood down for 2020-21 temporarily due to the Covid-19 outbreak.
2.12 Where board members have concerns which cannot be resolved, they should ensure these are recorded in the minutes.	Members highlight any issues they wish to be recorded during a meeting but there are also opportunities to raise any additions as part of the confirmation of

	the minutes at the next meeting as well as under matters arising.
<b>Board Composition</b>	
3.1 The board should have a balance of skills and experience.	The board comprises executive directors who each have their own portfolios of responsibilities as well as independent members who each have an area of expertise as well as champion roles.
3.2 The roles and responsibilities should be clearly defined.	These are set out in the scheme of delegation which forms part of standing orders.
3.5 Non-executive board members will exercise their role through influence and advice, supporting as well as challenging.	Independent members clearly understand their role is one to scrutinise and seek assurance which is undertaken in board and committee meetings. They provide advice and guidance on the annual plan and organisational strategy, monitor performance and operational issues as well as participate in the recruitment, appraisal and succession planning of executive directors.
3.10 The board should provide collective strategic and operational leadership	This is discharged through the board and its committees.
3.11 The board should include people with a mix and balance of skills	There are a number of skills and expertise across the board including medical, nursing, finance, workforce and strategy.
3.12 The mix and balance of skills and understanding should be reviewed periodically, at least annually as part of the board effectiveness evaluation	While board members have regular appraisals to review this, the board effectiveness evaluation has not taken place this year due to the Covid-19 outbreak rather it was deferred to 2020-21.
3.13 The search for board candidates should be conducted on merit with due regard for the benefits of diversity, such as gender.	Public appointments are supported by Welsh Government who request demographic information for board members prior to commencement.
<b>Board Effectiveness</b>	
4.1 The board should ensure that arrangements are in place to enable it to discharge its responsibilities effectively.	There are formal procedures in place for the appointment of new board members, sufficient time is allowed for members to discharge their duties with provision in standing orders for papers to be circulated at least seven days in advance. There is an induction in place for new independent members with one to be developed for executive directors.

	In addition, there is a dedicated secretariat function.
4.5 The terms of reference for the nominations committee will include scrutinising systems for identifying and developing leadership, scrutinising succession plans for senior management and scrutinising incentives and rewards.	The Remuneration and Terms of Service Committee fulfils this function and is developing plans to monitor and deliver succession planning as well as developing leadership. As the health board is required to adhere to the agenda for change policy which sets out remuneration, incentives and rewards are not applicable as they are not part of the package.
4.6 The attendance record of board members shall be disclosed in the governance statement.	This is included within the appendices.
4.10 Where necessary, board members shall seek clarification on board issues or papers through the board secretary.	All members have access to the Director of Corporate Governance who is the main advisor to the board.
4.11 An effective board secretary is essential.	Regular agenda planning sessions take place for the board and committees and mechanisms are in place to ensure information flows from these fora to the executive directors and independent members, as well as senior management. The role also provides advice and support to implement governance arrangements.
4.14 Evaluations of the performance of individual board members should show whether each continues to contribute effectively	Regular appraisals are undertaken by the chair and chief executive who are then appraised by Welsh Government.
4.15 All potential conflicts of interest for non-executive board members should be considered on a case-by-case basis.	Each board member is asked to submit a declarations of interest form at the start of each year and update it throughout as new conflicts arise. These are scrutinised by the corporate governance function and the Audit Committee as well as recorded in the annual governance statement.
<b>Risk Management</b>	
5.1 The board should ensure there are effective arrangements for governance, risk management and internal control.	A risk management framework was agreed in 2019-20 which sets out the organisation's approach, led by the Director of Corporate Governance.
5.2 The board should take the lead on and oversee the preparation of the governance statement.	A draft is shared with the Audit Committee for comments before the board approves it,
5.3 The board's regular agenda should include scrutinising risk management.	This is undertaken quarterly,

5.4 The key responsibilities of the non-executive board members include forming an audit and risk committee.	An Audit Committee has been in place since the inception of the health board.
5.5 The head of internal audit should periodically be invited to attend board meetings.	The postholder attends the Audit and Quality and Safety committees regularly and board meetings as necessary,
5.6 The board should assure itself of the effectiveness of the risk management system and procedures	This is undertaken on a quality basis as well as through the Audit Committee at every meeting.
5.7 The board should ensure there is appropriate risk management through the teams	This is delegated to the Audit Committee which monitors the full risk register with tailored registers for the other sub-committees.
5.8 The board should ensure there are effective arrangements for internal audit.	The Audit Committee receives the annual internal audit plan in March each year and then the findings of each review undertaken. The full reports are then referred to the relevant board committee to follow-up the action plans of those which cause concern.
5.9 The board and accounting officer should be supported by an audit and risk committee.	This has been in place since the inception of the health board and is chaired by the finance independent member supported by at least two others.
5.10 The audit and risk committee should support the board by advising on key risks.	The Audit Committee receives the risk register on a regular basis and raises issues with the board as part of its report following each meeting.
5.11 An audit and risk committee should not be charge with executive responsibilities or making/endorsing decisions.	Any decisions to be made are done so by the board on the recommendation of the committee.
5.12 The board should ensure that there is adequate support for the audit and risk committee, including secretariat.	This is provided by the Director of Corporate Governance and team.
5.13 The annual governance statement is published with the resource accounts each year.	A draft is published as part of the Audit Committee papers and board papers as well as the final version, on the health board's website.
5.14 The terms of reference for the audit and risk committee should be public	These are on the health board's website as part of the standing orders.
5.15 All boards should ensure the scrutiny of governance arrangements, whether at the board or at one of its sub-committees.	This is undertaken through all sub-committees as well as the board, with an annual board effectiveness evaluation completed.

#### 4. FINANCIAL IMPLICATIONS

There are no financial implications of which the committee needs to be aware.

## **5. RECOMMENDATION**

Members are asked to:

- **NOTE** the report.

<b>Governance and Assurance</b>		
<b>Link to Enabling Objectives</b> (please choose)	<b>Supporting better health and wellbeing by actively promoting and empowering people to live well in resilient communities</b>	
	Partnerships for Improving Health and Wellbeing	<input checked="" type="checkbox"/>
	Co-Production and Health Literacy	<input type="checkbox"/>
	Digitally Enabled Health and Wellbeing	<input type="checkbox"/>
	<b>Deliver better care through excellent health and care services achieving the outcomes that matter most to people</b>	
	Best Value Outcomes and High Quality Care	<input type="checkbox"/>
	Partnerships for Care	<input type="checkbox"/>
	Excellent Staff	<input type="checkbox"/>
	Digitally Enabled Care	<input type="checkbox"/>
	Outstanding Research, Innovation, Education and Learning	<input checked="" type="checkbox"/>
<b>Health and Care Standards</b>		
(please choose)	Staying Healthy	<input type="checkbox"/>
	Safe Care	<input type="checkbox"/>
	Effective Care	<input type="checkbox"/>
	Dignified Care	<input type="checkbox"/>
	Timely Care	<input type="checkbox"/>
	Individual Care	<input type="checkbox"/>
	Staff and Resources	<input checked="" type="checkbox"/>
<b>Quality, Safety and Patient Experience</b>		
Good governance will ensure that quality, safety and patient experience is being delivered as well as identifying areas for improvement.		
<b>Financial Implications</b>		
There are no financial implications.		
<b>Legal Implications (including equality and diversity assessment)</b>		
There are no legal implications.		
<b>Staffing Implications</b>		
There are no staffing implications.		
<b>Long Term Implications (including the impact of the Well-being of Future Generations (Wales) Act 2015)</b>		
Good governance will ensure the long-term working of the health board to achieve to what is expected.		
<b>Report History</b>	First report.	
<b>Appendices</b>	None	