

Council of Governors' Meeting

Date and Time: 6 December 2017, 14:00 – 17:30

Venue: Hyde Park Room, 1st floor, Lanesborough Wing

Time	Item	Subject	Format
OPENING ADMINISTRATION			
14:00	1	Welcome and Apologies <i>Gillian Norton, Trust Chairman</i>	-
	2	Declarations of Interest <i>Gillian Norton, Trust Chairman</i>	Oral
	3	Minutes of Meeting held on 14 September 2017 & Action Log <i>Gillian Norton, Trust Chairman</i>	Paper
	4	Chairman's Opening Remarks <i>Gillian Norton, Trust Chairman</i>	Oral
MAIN BUSINESS			
14:15	5	Report from the Nomination & Remuneration Committee <i>Gillian Norton, Trust Chairman & Gail Adams, NRC Deputy Chair</i>	Oral
14:25	6	Overview of Non-Executive Directors and Board Committees and Feedback from Committee Chairmen <i>Audit Committee – Ann Beasley, NED</i> <i>Finance & Investment Committee – Ann Beasley, Chairman</i> <i>Quality & Safety Committee – Sir Norman Williams, Chairman</i> <i>Workforce & Education Committee – Stephen Collier, Chairman</i>	Paper and Oral
15:15	7	Deloitte Independent Review of Council of Governors Arrangements and Action Plan <i>Fiona Barr, Trust Secretary & Head of Corporate Governance</i>	Paper
15:25	8	Report from Audit Committee Working Group: External Auditors <i>Andrew Grimshaw, Chief Finance Officer</i>	Paper
15:35	9	Annual Plan Priorities <i>Andrew Grimshaw, Chief Finance Officer & Tom Ellis, Head of Business Planning</i>	Paper
16:15	10	Proposals on Membership & Engagement <i>Fiona Barr, Trust Secretary & Head of Corporate Governance</i>	To Follow
16:30	11	Governor Induction and Training <i>Fiona Barr, Trust Secretary & Head of Corporate Governance</i>	Paper
16:50	BREAK		
FOR INFORMATION			
17:00	12	Staff Recruitment & Retention <i>Harbhajan Brar, Director of Human Resources & Organisational Development</i>	Paper
17:05	13	Quality Account Indicator Update <i>Elizabeth Palmer, Director of Quality Governance</i>	Paper
CLOSING ADMINISTRATION			
17:10	14	Annual Cycle and Items for Next Meeting including Proposed Meeting Dates for 2018-19 <i>All led by Gillian Norton, Chairman</i>	To Follow
17:20	15	Any Other Business	-
17:25	16	Reflections on Meeting	-
17:30	17	Meeting Close - to be followed by Festive Wine & Mince-pies	

Date and Time of Next Meeting of Council of Governors: February 2018, Date TBC

Council of Governors: Purpose, Membership, Quoracy and Meetings

Council of Governors Purpose:	The general duty of the Council of Governors and of each Governor individually, is to act with a view to promoting the success of the Trust so as to maximise the benefits for the members of the Trust as a whole and for the public.
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Membership and Those in Attendance		
Members	Designation	Abbreviation
Gillian Norton	Trust Chairman	Chairman
Gail Adams	Public Governor, South West Lambeth	GA
Mia Bayles	Public Governor, Rest of England	MB
Alfredo Benedicto	Appointed Governor, Merton Healthwatch	AB
Patrick Bower	Appointed Governor, Wandsworth CCG	PB
Nigel Brindley	Public Governor, Wandsworth	NB
Val Collington	Appointed Governor, Kingston University	VC
Anneke de Boer	Public Governor, Merton	AB
Jenni Doman	Staff Governor, non-clinical	JD
Sheila Eden	Public Governor, Merton	SE
David Flood	Staff Governor, Nursing & Midwifery	DF
Frances Gibson	Appointed Governor, St George's University	FG
Stuart Goodden	Public Governor, Wandsworth	SG
Mike Grahn	Appointed Governor, Healthwatch Wandsworth	MG
Hilary Harland	Public Governor, Merton	HH
Tim Hodgson	Appointed Governor, Merton CCG	TH
Kathryn Harrison	Public Governor, Rest of England	KH
Robin Isaacs	Public Governor, Rest of England	RI
Philip Jones	Appointed Governor, Merton Council	PJ
David Kirk	Public Governor, Wandsworth	DK
Yvonne Langley	Public Governor, Wandsworth	YL
Dagan Lonsdale	Staff Governor, Doctors and Dental	DL
Sarah McDermott	Appointed Governor, Wandsworth Council	SM
Derek McKee	Public Governor, Wandsworth	DM
Simon Price	Public Governor, Wandsworth	SP
Stephen Sambrook	Public Governor, Rest of England	SS
Khaled Simmons	Public Governor, Merton	KS
Secretariat		
Fiona Barr	Corporate Secretary and Head of Corporate Governance	Trust Sec
Richard Coxon	Membership & Engagement Manager	MEM

Council of Governors	The quorum for any meeting of the Committee shall be at least one third of the Governors present.
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Minutes of the Meeting of the Council of Governors
14 September 2017
Hyde Park Room, 1st Floor, Lanesborough Wing

Name	Title	Abbreviation
PRESENT		
Gillian Norton	Chairman/Non-Executive Director	Chairman
Gail Adams	Public Governor, South West Lambeth	GA
Patrick Bower	Appointed Governor, Wandsworth CCG	PB
Val Collington	Appointed Governor, Kingston University	VC
Anneke de Boer	Public Governor, Merton	AdB
David Flood	Staff Governor, Nursing & Midwifery	DF
Mike Grahn	Appointed Governor, Healthwatch Wandsworth	MG
Will Hall	Staff Governor, Allied Health Professionals	WH
Hilary Harland	Public Governor, Merton	HH
Kathryn Harrison	Public Governor, Rest of England	KH
Robin Isaacs	Public Governor, Rest of England	RI
Philip Jones	Appointed Governor, Merton Council	PJ
David Kirk	Public Governor, Wandsworth	DK
Yvonne Langley	Public Governor, Wandsworth	YL
Dagan Lonsdale	Public Governor, Wandsworth	DL
Sarah McDermott	Appointed Governor, Wandsworth Council	SM
Derek McKee	Staff Governor, Clinical and Dental	DMK
Simon Price	Public Governor, Wandsworth	SP
Khaled Simmons	Public Governor, Merton	KS
IN ATTENDANCE		
Jacqueline Totterdell	Chief Executive Officer	CEO
Ann Beasley	Deputy Chairman/Non-Executive Director	Deputy Chairman
Avey Bhatia	Chief Nurse	CN
Robert Flanagan	Director of Financial Operations	DFO
James Friend	Director of Delivery, Efficiency & Transformation	DEDT
Steven Picken	Director, Deloitte	SP
Ellis Pullinger	Chief Operating Officer	COO
APOLOGIES		
Mia Bayles	Public Governor, Rest of England	MB
Nigel Brindley	Public Governor, Wandsworth	NB
Jenni Doman	Staff Governor, Non-Clinical	JD
Frances Gibson	Appointed Governor, St George's University	FG
Stuart Goodden	Public Governor, Wandsworth	SG
Tim Hodgson	Appointed Governor, Merton CCG	TH
Noyola McNicolls-Washington	Staff Governor, Community Services	NMW
Stephen Sambrook	Public Governor, Wandsworth	SS
SECRETARIAT		
Fiona Barr	Trust Secretary & Head of Corporate Governance	Trust Sec
Richard Coxon	Membership & Engagement Manager	MEM

WELCOME, APOLOGIES AND OPENING COMMENTS

1.1	The Chairman opened the meeting and welcomed everyone to the meeting. She noted the apologies which were as set out above and suggested that to maximise attendance for future meetings, the length and timing of the meeting (eg morning, afternoon, early evening) would be varied. This was supported.
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DECLARATIONS OF INTEREST

1.2	There were no declarations of interests.
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MINUTES OF MEETING HELD ON 13.07.17 AND MATTERS ARISING

1.3	The minutes of the meeting of the 13.07.17 were accepted as a true and accurate record of the meeting if the word 'confirm' was replaced with 'select' in 5.2. It was noted that the Annual Cycle of Business would be finalised at the next meeting.
Action COG.14.09.17/12	Present the Annual Cycle of Business for approval to the next CoG meeting. LEAD: Trust Secretary
1.5	The Action Log was accepted and there were no matters arising.
CEO REPORT AND OVERVIEW	
2.1	The CEO opened by saying that a lot had happened since the last meeting and she was pleased with how the organisation was starting to shape up behind the "one team, one plan" approach. Whilst there was still much work to do, she felt things were moving in the right direction and staff were supportive. The Trust was starting to build strategic objectives for the next two years based on the theme "outstanding care, every time" which would be presented to the Board next month. When the new Director of Strategy arrived, the focus would turn to longer term planning (her appointment was currently subject to the Fit and Proper Person (FPP) checks). The new Executive Team were very visible to staff and regularly "walked the floor" to listen to staff and hear their views.
2.2	Whilst the Trust was on track with the delivery of its Financial Recovery Plan (FRP), the next six months would be difficult as the Trust went into winter and the year-end. The focus remained to achieve the £45m deficit and a run rate balance required by NHS Improvement (NHSI). The Director of Delivery, Efficiency & Transformation (DDET) would give more detail later in the meeting.
2.3	The Trust's performance against the Referral to Treatment (RTT) standard remained a major concern for the Board and the COO would update the meeting in more detail later on what steps were being taken to rectify the situation.
2.4	Good relationships were being built with local partners: the Trust had hosted a successful Annual Members Meeting on 07.09.17 and a meeting with Wandsworth Council Overview & Scrutiny Committee the previous evening indicated that Committee members felt more confident that the leadership had a good grip on issues at the Trust.
2.5	The CEO stated she was passionate about staff engagement and enjoyed meeting staff around the Trust. However it would take time for staff to feel more confident in the leadership team and the new direction the Trust was taking and for this change to be reflected in the staff survey results.
2.6	DF echoed the CEO's words, saying that current Executive Team were a welcome change from the previous team. Whilst it would take time to build trust with staff, he felt the organisation did feel more cohesive with staff feeling able, in most cases, to raise concerns with the Executive. All agreed that being honest about issues goes a long way to building trust. WH also felt that the Executive Team had brought a positive change.
2.7	KH asked about the transformation of Outpatients, saying that there had been several workshops last year, which she had attended, though nothing this year and she had received no further feedback about it. It was noted that, in his presentation, the DDET would cover how all transformation projects were being monitored.
2.8	GA asked if more could be done to encourage staff to raise concerns by using St George's App or when they met Board Members on Board to Ward visits, in addition to the Freedom to Speak Up service and Listening into Action. She was also concerned about the uptake of flu jabs and general winter preparedness after the last difficult two years. The Chairman responded that the Director of HR & OD was promoting the Freedom to Speak Up service to staff so that they could raise any concerns confidentially. Also a paper on Winter Preparedness had been presented to the last Board meeting, the previous week, so a plan was in place. Staff flu clinics were underway and the Trust was a top performer last year and the aim was to achieve an even higher percentage of staff inoculated against flu this year.
2.10	KS asked whether there could be more comparative information with other trusts' performance included in reports. The CEO responded that although it was useful to

	have comparative information from other trusts, this information was confidential so we are unable to include in public documents.
<i>The CEO left the meeting.</i>	
REPORT FROM THE NOMINATION & REMUNERATION COMMITTEE (N&RC)	
i. Approval of New Non-Executive Director	
3.1	The Chairman introduced the paper from the N&RC recommending the appointment of Tim Wright for a term of three years. An assessment day had been held on 04.09.17, which all Governors had been invited to take part in, and Tim Wright was the candidate selected by the Governors. It was noted that Tim Wright would not start until the FPP checks had been completed.
3.2	The recommendation was unanimously agreed.
ii. NED & Chair Objectives and Appraisal 2017-18	
3.3	The Chairman reported that the N&RC had received the 2017-18 objectives for the NEDs and agreed to circulate these to all Governors for information.
Action COG.14.09.17/13	Circulate NED objectives for 2017-18 to the CoG for information. LEAD: MEM
3.4	An outline of the appraisal process for the NEDs and Chairman was discussed at the meeting though it was agreed that a full written process would be presented for view at the next N&RC meeting on 06.12.17. It was confirmed that Governors would be able to participate in the process of appraising the NEDs and the Chairman.
iii. Benchmarking of NED and Chair Remuneration	
3.6	The N&RC had briefly considered the remuneration for the NEDs and Chairman to assess whether they were paid in line with NEDs and Chairmen from similar sized trusts. The Committee had received some information from Gatenby Sanderson, which had supported the Trust on NED and Chairman recruitment, that had indicated that the remuneration was in line with national averages. However the Committee would formally review this again when the NHS Providers' national remuneration survey was published at the end of the calendar year.
GOVERNANCE REVIEW FEEDBACK	
4.1	Steven Picken from Deloitte gave the Governors feedback on the review into the arrangements for the Council of Governors (CoG) which had been undertaken by Deloitte as part of a package of support from NHSI to help the Trust address its Quality Special Measures.
4.2	The views of the CoG had been gathered at a workshop held on 13.07.17; through a focus group and also an online questionnaire, on which there had been a low level of response which Governors considered disappointing.
4.3	There was a discussion about how Governors could get more time with the NEDs and suggestions included building in time after Board or Committees for the Governors to speak to the NEDs or holding a NED "surgery" a couple of times a year. It was agreed that the Board day was already very long though the principle of providing greater opportunities for Governors and NEDs to liaise was strongly supported.
4.4	Linked to this was a discussion whether it would be a good idea to formalise which Governors attended which Board Committees and to agree this in advance, perhaps for the year. This way the Governors could get a better sense of the work of the Committees and also have some experience on which to base their assessment of the NEDs' performance. Stephen Picken suggested that the CoG should have a regular

	slot on the agenda in which the NEDs, who chair or who are members of Committees, explain the work of the Committee and sources of positive or negative assurance. If Governors also attended these Committees routinely, it would make for a richer discussion at CoG.
4.5	It was noted that engagement with members remained a challenge though Staff Governors had worked hard to engage with staff within the time they had available (they had no “protected time” in job plans to fulfil these duties). The meeting noted that there had been previous attempts to set up a Membership & Engagement Committee though interest had been limited. However Stephen Picken encouraged the Governors to revisit this given the importance to the Governors’ role to represent the views of members and appointing organisations.
Action COG.14.09.17/14	Hold a CoG workshop to consider proposals for membership and engagement. LEAD: Trust Secretary
4.6	The CoG also considered the importance of equipping the Council of Governors with the skills it needed to undertake its role effectively. Stephen Picken encouraged the Governors to draw together a Task and Finish Group to look into this on behalf of the CoG. This was agreed.
Action COG.14.09.17/15	Organise a Task & Finish Group to consider the training and induction required by the CoG to enable it to fulfil its role and function effectively. LEAD: Trust Secretary
4.7	In closing, the frequency and length of meetings was discussed. There was a range of views and agreement that meetings should be held six times a year with sufficient time devoted to each agenda item, and to hold the meetings at different times of the day: morning; afternoon and early evening.
4.8	The Chairman thanked Stephen Picken for the presentation and also compiling the report on behalf of the CoG. She confirmed that an action plan would be produced in response to the report which would be presented at the next meeting – though as the recommendations were accepted, work to implement would continue.
Action COG.14.09.17/16	Present an action plan to the next meeting (06.12.17) in response to the Deloitte review into CoG arrangements. LEAD: Trust Secretary
<i>Steven Picken left the meeting.</i>	
PROGRESS REPORT ON FINANCIAL RECOVERY PLAN	
5.1	The DDET gave a presentation which focused on the transformation plan which recognised that when quality and patient experience were right, the Trust would be making the best use of its people and financial resources. The plan had three key principles: <ul style="list-style-type: none"> i. Make the right thing to do for patients be the easiest thing to be done by clinicians. ii. Get patients to the most appropriate environment for their assessment, for their treatment and for their care. iii. Align our clinical capacity to our pathway demand.
5.2	The patient centred transformation plan was clinically led and comprised workstreams covering theatres; pharmacy; outpatients; safe & elective care; unplanned & admitted patient care, maternity and quality & risk. These were supported by Divisional business plans and underpinned by corporate cross-cutting improvements in data quality, clinical systems, workforce and procurement.
5.3	The meeting discussed outpatient pathways and it was felt that these could be improved. For example, the Governors felt that patients should be able to self check-in and receive letters or reminders electronically. Critically the relevant information should be captured at each step to enable correct coding and reporting back to the commissioners.

5.4	The DDET explained that during the current theatre refurbishment, the Trust had become 12% more efficient in using theatre capacity. However when the refurbishment was complete, it was vital that this efficiency was retained and all theatres used to full capacity.
<i>The DDET left the meeting.</i>	
REPORT FROM AUDIT COMMITTEE WORKING GROUP: EXTERNAL AUDITORS	
6.1	The report was taken as read and it was agreed that NB would be the Governor representative on the Audit Committee Working Group.
QUALITY IMPROVEMENT PLAN & QUALITY INDICATOR MONITORING	
7.1	The Chief Nurse (CN) thanked Governors who had given feedback on the Quality Improvement Plan (QIP) and welcomed any further feedback. The QIP had also been seen by the Health Overview Scrutiny Committee and Patient Representatives and their feedback incorporated. Overall it had been received as a good document.
7.2	There was some discussion about the content of the QIP and what had and had not been included though the meeting concurred that it was essential to track the QIP's outcome measures and benefits. Each workstream had detailed terms of reference which set these out.
7.3	The CN emphasised the need to go beyond issues that had been raised by the Care Quality Commission when developing the QIP. By way of example she focussed on the work undertaken at the Trust working with Dementia patients and their carers to provide outstanding care. One of the main developments was the use of a 'patient passport' to record details of a patient's likes and dislikes which can be referred to by staff to reassure patients when they are distressed or disoriented. The Trust was also working with carers to support Dementia patients at mealtimes and allow flexible visiting arrangements outside normal ward visiting time.
7.4	On behalf of the Governors, the Chairman thanked the CN for the presentation.
<i>GA, SE and CN left the meeting</i>	
REFERRAL TO TREATMENT & ELECTIVE CARE RECOVERY PROGRAMME	
8.1	The COO introduced the report which briefed the CoG on the ongoing problems to meet the RTT standard at both the Tooting and Roehampton campuses. On joining, the COO had reviewed the Elective Care Recovery (ECR) programme and both strengthened it and re-focused it in a number of areas. He explained that the plan was moving to phase two: treating those patients who had been identified as still needing care through the process of checking and validation. A key part of the ECR programme was training staff to minimise errors in patient records in the future. He advised that the programme had been expanded to cover Cancer and Diagnostic patient pathways.
8.2	The 1,000 or so patients who had been identified as potentially waiting for treatment in excess of 52 weeks were being reviewed on a case by case basis. The COO explained that in many cases, these patients would have had their treatment though their records had not been updated. In the case of those still needing treatment, they needed to be prioritised for care. It was noted by PB that his surgery receives multiple APX records for patients and agreed to speak to the COO about this after the meeting.
8.3	The Chairman advised the CoG that until the new COO had been appointed and taken control of the ECR programme, the NEDs had not been assured that the Executive had a full grip on the RTT position. However they now felt much more confident. She thanked the COO for his concise presentation which enabled the Governors to get a clear understanding of the situation and the measures in place to address it.
<i>PB and DF left the meeting.</i>	

PLANS FOR NEXT YEAR'S ELECTIONS	
9.1	The Trust Sec presented this paper which outlined the timetable and plans for the Governor Elections which would start with nominations in November 2017.
9.2	The membership team would work with the Communications Team and HR to ensure staff and the current public membership were aware that elections were due and to encourage people to stand for election. A number of Governor Workshops were planned so that prospective Governors could find out more about the role. The Governors suggested that prospective Governors should be made aware of time commitment required for the role and the MEM agreed that he would cover this at the Workshops.
9.3	The CoG received the report for information and pledged their support.
ENGAGEMENT WITH MEMBERSHIP	
10.1	The Trust Sec briefly presented the paper which was taken as read. In addition to the work that was organised through the Membership Office to engage with the membership, she encouraged the Governors to think about how they could engage with their constituencies of appointed organisations to represent their views. She referred to Stephen Picken's suggestion to have a workshop to explore this further with a view to re-launching the Membership & Engagement Committee if there was enough interest from Governors. This was agreed
ANY OTHER BUSINESS	
11.1	The Chairman informed the Governors that Gatenby Sanderson would be advertising for a new post of Director of Corporate Affairs shortly which would incorporate the role of Trust Secretary. As the post holder would be working closely with the CoG, there would be appropriate Governor involvement.
11.2	The Chairman thanked everyone and closed the meeting.
Date and Time of Next Meeting: 06 December 2017, 14:00	

Council of Governors Action Log					
Action Ref	Action	Due	Lead	Commentary	Status
COG.17.05.17/07	Circulate details of the Tree of Life ceremony on 01.07.17		MEM	Email circulated on 27.06.17 when details confirmed	Proposed for closure
COG.13.07.17/08A	Send email with details of the NHS Providers Governor Advisory Committee elections to all Governors		MEM	Completed - email sent on 14.07.17 to all Governors	Proposed for closure
COG.13.07.17/08B	Any interested Governors to register their interest to stand as Governor with NHS Providers with the MEM		MEM	Completed - only KH has expressed an interest. Nominations open in Dec 17.	Proposed for closure
COG.13.07.17/09	Invite long summary Board Committee reports for next meeting		MEM	On Agenda.	Proposed for closure
COG.13.07.17/10	Governors to self –nominate to join the External Audit Working Group.	31.07.17	All	Completed - email invite sent to Governors 14.07.17. NB joined the Working Group. On Agenda.	Proposed for closure
COG.13.07.17/11	Governors to self –nominate to either join in the organisation of the AMM or participate on the day.	07.09.17	All	Completed	Proposed for closure
COG.14.09.17/12	Present the Annual Cycle of Business for approval to the next CoG meeting.	COG.06.12.17	Trust Sec	On Agenda.	Proposed for closure
COG.14.09.17/13	Circulate NED objectives for 2017-18 to the CoG for information.	14.09.17	MEM	Completed - these were circulated by email on the 14.09.17	Proposed for closure
COG.14.09.17/14	Hold a CoG workshop to consider proposals for membership and engagement.		Trust Sec	Completed - this was held on the 03.11.17	Proposed for closure
COG.14.09.17/15	Organise a Task & Finish Group to consider the training and induction required by the CoG to enable it to fulfil its role and function effectively.		Trust Sec	Completed - this was held on the 24.10.17	Proposed for closure
COG.14.09.17/16	Present an action plan to the next meeting (06.12.17) in response to the Deloitte review into CoG arrangements.		Trust Sec	On Agenda.	Proposed for closure

Meeting Title:	Council of Governors		
Date:	6 December 2017	Agenda No	6
Report Title:	Committee Allocation by NED, and Roles of Senior Independent Director and Deputy Chairman		
Lead Director/ Manager:	Fiona Barr, Trust Secretary & Head of Corporate Governance		
Report Author:	Fiona Barr, Trust Secretary & Head of Corporate Governance		
Presented for:	Approval		
Executive Summary:	Following the changes in the Committee structure it is important to set out the Chairman of each Committee and the NED members.		
Recommendation:	The schematic at Appendix 1 is presented for information.		
Supports			
Trust Strategic Objective:	Build a Better St George's		
CQC Theme:	Well-led		
Single Oversight Framework Theme:	Well-led		
Implications			
Risk:	If the Council of Governors is not aware of the roles of the Non-Executive Directors, it may not be able to hold them to account effectively for the performance of the Board.		
Legal/Regulatory:	The Committees and duties are in line with the Monitor Code of Governance.		
Resources:	N/A		
Previously Considered by:	N/A	Date	
Appendices:	Appendix 1: Schematic Setting Non-Executive Director Responsibilities on Committees		

**Non-Executive
Director
Responsibilities on
Committees**

Board

Chair: Gillian Norton All NEDs

Frequency: Monthly

Principal Duties:
Culture, Vision and Values
Strategy and Planning
Performance
Risk

Key:-

Green: Discretionary Committee

Orange: Statutory Committee

Solid Colour: Meets monthly

Dotted: Frequency not monthly

Blue: Executive Committee

Quality & Safety Committee

Chair: Sir Norman Williams (NED)
NEDs: Sarah Wilton, Jenny Higham

Frequency: Monthly

Principal Duties:
Clinical Safety & Effectiveness
Patient Experience
Learning Lessons
Clinical Governance

Finance & Investment Committee

Chair: Ann Beasley (NED)
NEDs: Sarah Wilton, Stephen Collier

Frequency: Monthly

Principal Duties:
Financial Planning & Performance
Financial Governance
Business Case Opportunities

Workforce & Education Committee

Chair: Stephen Collier (NED)
NEDs: Ann Beasley, Tim Wright

Frequency Quarterly

Principal Duties:
Workforce Planning and Development
Staff Engagement
Education, Training & Learning
Equality & Diversity

Audit Committee

Chair: Sarah Wilton
NEDs: Ann Beasley, Tim Wright

Frequ: 5x/year

Principal Duties:
Monitor and review the Trust's system of internal control

Nominations & Remuneration Committee

Chair: Gillian Norton
NEDs: All

Frequency: after Board or as required

Principal Duties:
Framework of remuneration for Executive Directors
Performance of Executive Directors

Trust Executive Committee

Chair: CEO

Frequency: weekly

Principal Duties:
Day to day Management of trust
Delivery of Trust's strategy and plans
Monitor all aspects of performance
Maintain integrated system of risk & control

Senior Independent Director: Sir Norman Williams

Deputy Chairman: Ann Beasley



St George's University Hospitals NHS Foundation Trust

Independent review of Council of Governors arrangements

10 November 2017 | FINAL report

This Report is strictly private and confidential and has been prepared for the Board of Directors of St George's NHS Foundation Trust. This Report is prepared for the Board of Directors as a body alone, and our responsibility is to the full Board and not individual Directors. It should not be communicated to any third party without our prior written permission. For your convenience, this document may have been made available to you in electronic as well as a hard copy format. Multiple copies and versions of this document may, therefore, exist in different media. Only the final signed copy should be regarded as definitive.

Private and confidential

Gillian Norton, Chair
St George's University Hospitals NHS
Foundation Trust
Blackshaw Road
Tooting
London
SW17 0QT

10 November 2017

Dear Gillian,

Independent review of Council of Governors arrangements

In accordance with our engagement letter dated 12 June 2017 (the 'Contract'), for the independent support in relation to the review and development of governance arrangements at St George's University Hospitals NHS Foundation Trust (the 'Trust'), we enclose our Report in relation to the arrangements for the Council of Governors dated 10 November 2017 (the 'Report').

The Report is confidential to the Trust and is subject to the restrictions on use specified in the Contract. No party, except the addressee, is entitled to rely on the Report for any purpose whatsoever and we accept no responsibility or liability to any party in respect of the contents of this Report. This Report is prepared for the Board of Directors as a body alone, and our responsibility is to the full Board and not individual Directors.

The Report must not, save as expressly provided for in the Contract be recited or referred to in any document, or copied or made available (in whole or in part) to any other person.

You are responsible for determining whether the scope of our work is sufficient for its purposes and we make no representation regarding the sufficiency of these procedures for the Trust's purposes. If we were to perform additional procedures, other matters might come to our attention that would be reported to the Trust.

We have assumed that the information provided to us and management's representations are complete, accurate and reliable; we have not independently audited, verified or confirmed their accuracy, completeness or reliability. In particular, no detailed testing regarding the accuracy of the financial information has been performed.

The matters raised in this report are only those that came to our attention during the course of our work and are not necessarily a comprehensive statement of all the strengths or weaknesses that may exist or all improvements that might be made. Any recommendations for improvements should be assessed by the Trust for their full impact before they are implemented.

Yours faithfully

Deloitte LLP

Contacts and contents

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The contacts at Deloitte LLP in relation to this project are

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Draft report issued:	V1 - 26 September 2017 V2 - 05 October 2017	Client sponsor:	Trust Chair
Factual inaccuracies received:	Trust - 01 October 2017 CoG - 10 November 2017	Distribution:	Trust Chair, Council of Governors
Final report issued:	10 November 2017		

Executive Summary

Executive summary

Introduction

Context

St George's University Hospitals NHS Foundation Trust (hereafter "the Trust") was authorised as a Foundation Trust in February 2015. The Trust employs more than 8,500 staff and provides hospital, specialist and community services to the people of South West London and South East England.

The Trust has faced significant challenges over recent years, resulting in it being placed in special measures in relation to both quality and finance, which, at the time of reporting are still in force. In recent years there has been significant flux at Board level, including the recent appointment of a new CEO and Chair and turnover in a number of other key Board positions amongst both Executive and Non-Executive Directors. Within this context, the Board has commissioned us to review and support them in the further development and improvement of the Trust's governance arrangements. One aspect of this work is to undertake a review of the current arrangements for the Council of Governors.

Scope

This report sets out the findings of our review of the arrangements for the Council of Governors. Our report is structured around the key areas of Governors' statutory roles and the support and training for Governors. We have presented our findings on an exception basis, focussing on areas of weakness or where there is scope for improvement. A more detailed summary of findings is included in the main body of the report from page 9 onwards.

Our approach

Our approach to delivering the project scope has consisted of:

- Undertaking a desktop review of key documentation;
- Conducting interviews with Board Members;
- Observing the Council of Governors in July 2017; and
- Facilitating a 2 hour focus group with Governors' Representatives (at which 6 were in attendance).

We would like to thank the Trust's staff and particularly the Governors for their time and engagement in this project.

Basis of our work

Our findings in this report are based on the views expressed by those we interviewed, Governors, and our own observations. We have assumed that the information provided to us and management's representations are complete, accurate and reliable; we have not independently audited, verified or confirmed their accuracy, completeness or reliability.

Our work, which is summarised in this Report, has been limited to matters which we have identified that would appear to us to be significant within the context of the scope. In particular, this review will not identify all of the gaps that exist in relationship to the Trust's approach to governance.

Executive summary

Key findings

1A. Holding the Non Executive Directors (NEDs) to account

Whilst there are opportunities to challenge and hold the chair to account at the Council of Governors (CoG), we found opportunities to hold the NEDs more broadly to account to be limited. Our observation and analysis found this to be due to; a lack of a clear focus at CoG on receiving reporting from the NEDs on the business and effectiveness of Board committees, a tendency for the CoG agenda to be dominated by Executive and management led items, and correspondingly low levels of NED attendance at CoG.

We found comparatively high levels of engagement from Governors observing Board and Committee meetings, although there remains scope for these activities to be shared more widely across the Governor cohort than is presently the case. It is positive that the Chair is taking steps to engage Governors in the process and findings of NED/Chair appraisal. There is scope to provide informal opportunities for Governors and NEDs to interact outside of CoG meetings.

1B. Representing the interests of members and the public

Whilst Governors we spoke to make every effort to engage with the public and members opportunistically on a one to one basis, this is currently done on an ad-hoc and unorganised basis and does not clearly feed back into the work of CoG. It would be of benefit to apply a more thematic approach to engagement and have topics more clearly tied to the agenda and annual cycle of CoG.

2A. Agenda, duration and frequency

We observed a number of examples of good extended discussion and debate, with no obvious attempts to curtail this. However the agenda for CoG can often be over congested, which we found compressed the time available for discussion and debate of items towards the end of the agenda. We recognise the efforts made by the Trust in increasing the frequency and duration of CoG as a means of helping to address this.

2B. Support, induction and training

Governors felt that administrative support for CoG had improved over the past 12 months, however they also pointed out what we found to be a wider issue across Trust meetings, the timeliness of papers. There is a lack of clarity and awareness in relation to the training and induction offering for Governors and we recommend that CoG play a more active role in defining this moving forwards.

Recommendations

What follows is a summary of the recommendations for improvement made in this report to address the issues identified;

R1: At least one NED from each Board committee should attend each meeting of CoG and present a summary of the key areas of focus and debate at committees as part of a standing agenda item. This should place a particular focus on the areas where NEDs were, or were not assured. This agenda item should provide sufficient time to enable Governors to question and debate the feedback provided by NEDs.

R2: The opportunity should be taken to present a short one page table setting out which NEDs chair, or sit on, the Board committees at the November 2017 CoG. This should be accompanied by a schematic of the new Board committee structure proposed for 2018.

R3: We recommend that designated time (we would suggest 20 minutes) is made available for NEDs and Governor attendees to meet for discussion after each Board and Committee meeting. We suggest that this is supplemented by a twice annual NED surgery where all NEDs make themselves available to Governors for more informal discussion after CoG meetings.

R4: Complete the implementation of a new Chair/NED appraisal process once the proposed approach is taken to Governors Nomination and Remuneration Committee for consultation. Governor engagement in the appraisal process and its findings should then be embedded in the annual cycle of the CoG.

Executive summary

Key findings (continued)

Recommendations (continued)

R5: Restart the Membership Committee as a formal, quarterly sub-committee of the Council of Governors. This should be linked to CoG's forward cycle of business and should feature regularly on the CoG agenda. Some key features of how the Membership Committee should operate include;

- Taking direction from CoG as to the areas in which it should focus engagement activity,
- Take responsibility for building and maintaining a library of engagement tools for Governors to use when undertaking engagement events,
- Drive the content of the membership newsletter, to include rolling information on who Governors are and how to contact them, and
- Align a cycle of thematic engagement activity each quarter with the annual cycle of the Trust / CoG and include consideration of areas where the Trust would like to engage with members such as service redesign, service reconfiguration or the STP.

R6: The agenda setting process for CoG should be more formal in nature, with CoG itself taking 10 minutes at the end of each meeting to agree the agenda for its next meeting, clearly considering what will feature as part of the forward plan of business when determining what can reasonably be added to the agenda, whilst still allowing sufficient time for discussion of each item.

R7: The forward annual plan of business for CoG should be further refined and brought back to CoG for discussion and adoption in November 2017. This should incorporate items CoG will receive aligned to the annual planning cycle, membership engagement, committee feedback from NEDs and the new Chair/NED appraisal process.

R8: The CEO and Chair should jointly restate the organisation's commitment to enabling staff Governors to be released to participate in Governor activities. A clear line of escalation should be defined to the Chair and CEO (via the Director of Corporate Affairs) should staff Governors continue to face challenges in this area.

R9: We recommend that CoG form a working party of Governors, which will report back to CoG in November, in order to;

- Co-design and develop an induction package for Governors, and
- Identify the training needs of Governors over the course of 2017/18 (this training needs assessment should then form part of the annual cycle of CoG each year).

Next steps

We suggest that the Trust, in consultation with the Council of Governors, consider the findings outlined within this report and collectively agree a response to the matters raised. In particular, this should align our recommendations to delivery timescales and leads.

1. Governors statutory roles

1A. Holding the Non Executive Directors to account

Whilst there are opportunities to challenge and hold the chair to account at the Council of Governors (CoG), we found opportunities to hold the NEDs more broadly to account to be limited. Our observation and analysis found this to be due to; a lack of a clear focus at CoG on receiving reporting from the NEDs on the business and effectiveness of Board committees, a tendency for the CoG agenda to be dominated by Executive and management led items, and correspondingly low levels of NED attendance at CoG.

Main findings:

Focus on holding NEDs to account at the Council of Governors

- Our review of papers and minutes from CoG meetings over the past year found items presented by Executive Directors to dominate the majority of the Council's time, focus and agenda. Our observation of CoG in July 2017 also found the agenda to be weighted significantly towards presentations from, and conversations with, Executives and management staff from the Trust.
- The Chair consistently provides a Chair's summary report which effectively draws out the key issues faced by the Trust. Whilst this is positive, CoG spends little time holding to account the wider NED cohort of the Board (See Fig4 on page 10).
- Whilst we note that two of the NEDs provided some feedback from the Audit Committee in relation to the appointment of External Auditors in July 2017, we found little evidence of NEDs feeding back from committees to CoG on a routine basis. In our view having NEDs providing a summary to CoG, of the key decisions, areas of debate, and areas of insufficient assurance, is a key mechanism to enable Governors to question NEDs and hold them to account.
- Whilst acknowledging the demands made on NEDs and the level of time commitment they make to the Trust, the low levels of NED attendance at CoG during 2017 is notable. Only two, NEDs attended CoG in May, three in July and again only two in September (including the Chair).
- Moving towards good practice and having NEDs formally feed back from each committee will require greater NED attendance at CoG moving forwards, with at least one NED attending from each of the Board committees.
- Finally Governors told us that they are not clear which NEDs currently chair or sit on the Board committees. In light of both this and impending changes to committees, there is an opportunity to provide clarity for Governors in this area.



Good practice insights / potential solutions

Whilst it is important to recognise the value that can be obtained by Governors from presentations and reporting from Executives on specific topics or challenges, this should be seen as an enabler to CoG discharging its main responsibilities of holding NEDs to account and representing the interests of members.

Where we have seen CoG meetings work most effectively in other Trusts, there is always at least one NED from each Board sub committee in attendance, in each case providing a short summary of the key decisions and areas of debate in committees.

We have seen this approach to add greatest value where a significant portion of the CoG agenda is devoted to this area, thus enabling Governors to enter into discussion and debate with NEDs about the information they are providing.

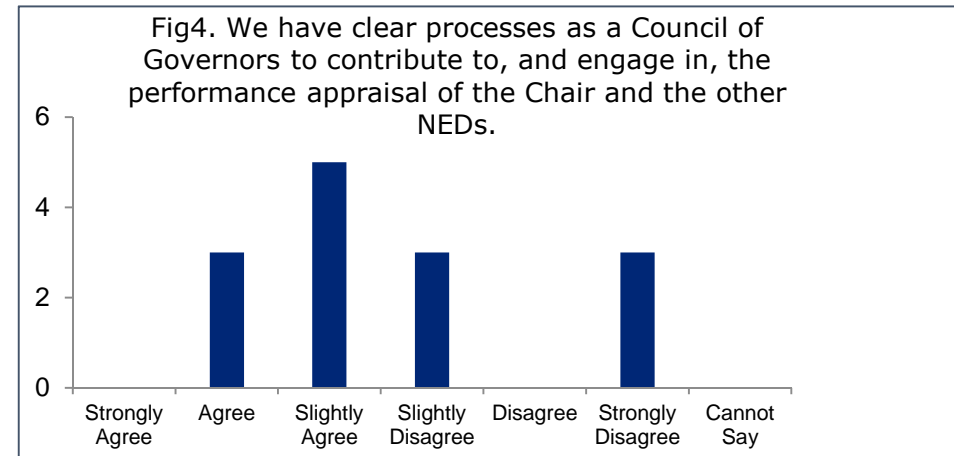
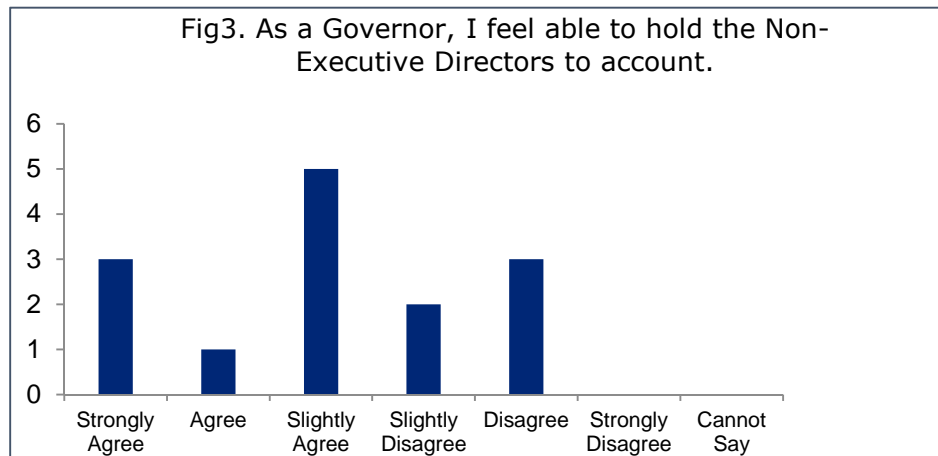
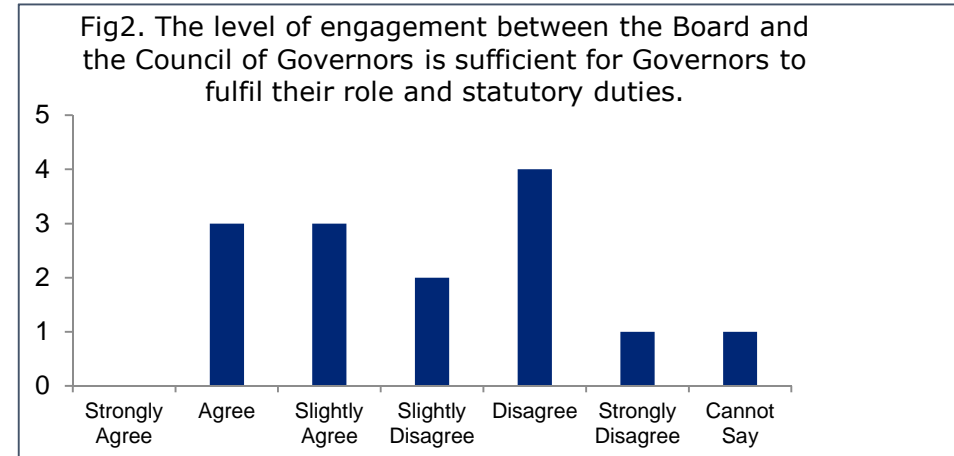
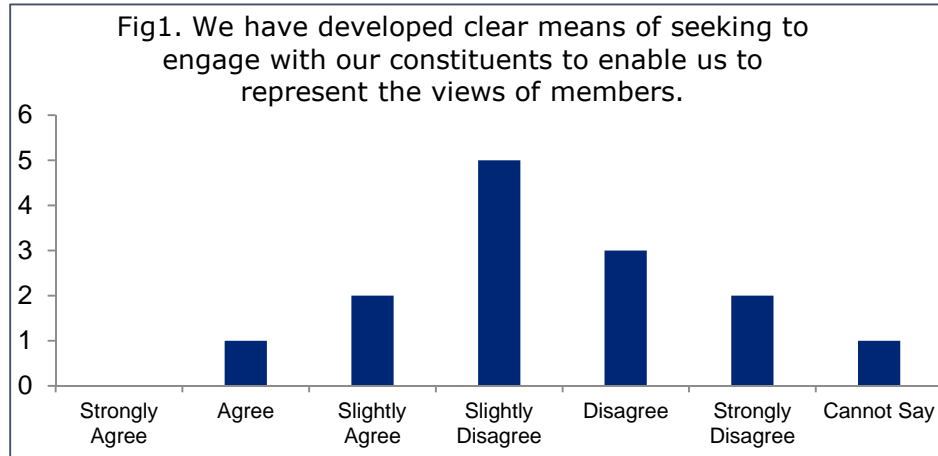
Recommendations for improvement

R1: At least one NED from each Board committee should attend each meeting of CoG and present a summary of the key areas of focus and debate at committees as part of a standing agenda item. This should place a particular focus on the areas where NEDs were, or were not assured. This agenda item should provide sufficient time to enable Governors to question and debate the feedback provided by NEDs.

R2: The opportunity should be taken to present a short one page table setting out which NEDs chair or sit on the Board committees at the November 2017 CoG. This should be accompanied by a schematic of the new Board committee structure proposed for 2018.

1A. Holding the Non Executive Directors to account

Some key areas of analysis from our Governor survey



1A. Holding the Non Executive Directors to account (continued)

We found comparatively high levels of engagement from Governors observing Board and committee meetings, although there remains scope for these activities to be shared more widely across the Governor cohort than is presently the case. It is positive that the Chair is taking steps to engage Governors in the process and findings of NED/Chair appraisal. There is scope to provide informal opportunities for Governors and NEDs to interact outside of CoG meetings.

Main findings:

Governor observation of Board and Committees

- At present a number of Governors routinely attend and observe the Public and Private session of the Board of Directors meetings and each of the Board sub-committees. We recognise that the observation of these meetings provides a valuable tool through which Governors can better understand and consider the contribution and impact of NEDs. There is however scope to broaden the range of Governors participating in these observations, as we understand that at present the same small group observe most Board meetings.
- Whilst recognising the value Governors obtain from observing the private sessions of the Board, in our experience this can often have an adverse impact on debate and discussion. We note the Chair's intention to move more business into the public session, which will mitigate against this problem.

The relationship between Governors and NEDs

- Governors we spoke to, whilst stating that the current Chair and NED cohort valued them more and treated them with greater respect, also felt that there were limited opportunities to interact with NEDs, either to build relationships or ask questions, outside of CoG meetings. Our own review finds agreement with Governors that there is scope for development in this area.
- There are opportunities to provide time for Governors and NEDs to meet less formally outside of CoG around committee or Board meetings (See Fig2 on page 10). Below we recommend that some structure is placed around this, to ensure that such time is made available.

Governor engagement in the Chair/NED appraisal process

- Until recently, there appears to have been no Governor engagement in the development or findings of the Chair and NED appraisal process (See Fig 4 on page 10). However, since her appointment the Chair has taken steps to address this, with Chair and NED objectives submitted to the Nomination and Remuneration Committee and a full appraisal process, incorporating the engagement of Governors, planned for presentation to CoG and Nomination and Remunerations Committee in November 2017.



Good practice insights / potential solutions

Attending and observing Board and committees can be a useful tool in gaining insight into the contribution and impact of NEDs at a Trust. However this adds greater value when these observation are shared more broadly across the wider Governor group. We have seen this to work most effectively through Governor observers feeding back to CoG what they saw in relation to the key areas of challenge, discussion and debate. It is however important that this is clearly the focus of feedback, rather than a summary of the minutes of the meeting which took place.

We have seen a number of approaches to affording time for NEDs and Governors to meet informally outside of CoG. We have observed this to be more effective and durable when scheduled around existing Board, Committee and CoG time, when significant numbers of NEDs and/or Governors are already on site.

Recommendations for improvement

R3: We recommend that designated time (we would suggest 20 minutes) is made available for NEDs and Governor attendees to meet for discussion after each Board and Committee meeting. We suggest that this is supplemented by a twice annual NED surgery where all NEDs make themselves available to Governors for more informal discussion after CoG meetings.

R4: Complete the implementation of a new Chair/NED appraisal process and ensure that the proposed approach is taken to Governors Nomination and Remuneration Committee for consultation. Governor engagement in the appraisal process and its findings should then be embedded in the annual cycle of CoG.

1B. Representing the interests of members and the public

Whilst Governors we spoke to make every effort to engage with the public and members opportunistically on a one to one basis, this is currently done on an ad-hoc and unorganised basis and does not clearly feed back into the work of CoG. It would be of benefit to apply a more thematic approach to engagement and have topics more clearly tied to the agenda and annual cycle of CoG.

Main findings:

Engagement with wider membership

- All of the NHS Councils of Governors we have worked with have found this aspect of their role the most challenging, in the main because Councils were not originally constituted with the resources or structures to enable high levels of membership engagement.
- St George's is therefore no different to many councils we have worked with in feeling that they could do more to engage with their membership (See Fig 1 on page 10). Governors told us that they felt their current approach was limited to opportunistic conversations on a one to one level with the public and constituents.
- We would point out that it is positive that a clearly signposted membership office is located near the main entrance to the hospital at the St George's site.

Structures for overseeing engagement with membership

- We understand that the Membership Committee ceased to meet in 2016 due to lack of interest and progress. Whilst Governors told us that they felt such a structure was important, they also explained that it had low levels of attendance and engagement and limited success in driving meaningful engagement.
- Whilst we recognise the time commitment required to service a regular Membership Committee, we have not seen effective and consistent examples of effective membership engagement where this is not driven and overseen by a Membership Committee or equivalent.
- As a result it is at present unclear how Governors engage with the wider membership on areas such as strategy or the Trust's Annual Plan.



Good practice insights / potential solutions

Where we have seen more effective membership engagement this has been undertaken through a range of channels, under the stewardship of a membership committee. Some examples of effective engagement mechanisms we have seen include;

- *Surgeries in constituencies,*
- *Stalls at local events / supermarkets,*
- *Attendance at community groups,*
- *Hard copy questionnaires, and*
- *Email surveys of members.*

A thematic approach to engagement with members can often bring more meaningful results than an ad-hoc approach. A 'campaign' style approach can be applied over a longer period of time by all Governors across all constituencies, thus obtaining a more representative view from members.

Recommendations for improvement

R5: Restart the Membership Committee as a formal, quarterly sub-committee of the Council of Governors. This should be linked to CoG's forward cycle of business and should feature regularly on the CoG agenda. Some key features of how the Membership Committee should operate include;

- Taking direction from CoG as to the areas in which it should focus engagement activity,
- Take responsibility for building and maintaining a library of engagement tools for Governors to use when undertaking engagement events,
- Drive the content of the membership newsletter, to include rolling information on who Governors are and how to contact them, and
- Align a cycle of thematic engagement activity each quarter with the annual cycle of the Trust / CoG and include consideration of areas where the Trust would like to engage with members such as service redesign, service reconfiguration or the STP.

2. Support for, and effectiveness of, the Council of Governors

2A. Agenda, duration and frequency

We observed a number of examples of good extended discussion and debate, with no obvious attempts to curtail this. However the agenda for CoG can often be over congested, which we found compressed the time available for discussion and debate of items towards the end of the agenda. We recognise the efforts made by the Trust in increasing the frequency and duration of CoG as a means of helping to address this.

Main findings:

Agenda

- Both our observations and the views of Governors found that the agenda of CoG is often over full and as a result the time available for later items is frequently compressed, restricting the opportunity for discussion and debate.
- We did not find this to be a function of chairing or any attempt to restrict debate, as there were a number of examples where the Chair allowed debate and discussion to run, such as in relation to the 'One Plan' item at the July 2017 meeting we observed.
- We also found the current agenda setting process to lack structure and formality, particularly the approach of emailing all Governors individually to canvass for items, which often leaves some disappointed when there is insufficient space for their items on the agenda.

Duration and frequency

- For 2017/18 the CoG at St George's has moved from quarterly meetings to bi-monthly meetings. Whilst we view this as a positive step, the points made above in relation to time for each item suggests there remains work to do to rationalise and better manage the CoG agenda.
- CoG meetings have also recently been extended to become a half day in duration. This again should help to provide more time to provide appropriate coverage for items on the agenda moving forwards.
- Finally, whilst we recognise that a forward annual plan of business has recently been developed for CoG, we feel that this could be further refined and improved both to more fully align to the annual planning cycle and include greater detail as to what items will feature at each meeting.



Good practice insights / potential solutions

As with any corporate meeting structure, there is a balance to be struck between ensuring an agenda adequately covers all areas of significance, from a governance and escalation perspective, and providing reasonable space and time to enable discussion and debate of each item.

Where this is a problem, taking a short amount of time at the end of meetings to agree the agenda for the coming meeting can help to ensure that there is collective input, and collective consideration, as to what is a priority and what can be moved to later in the annual cycle.

Recommendations for improvement

R6: The agenda setting process for CoG should be more formal in nature, with CoG itself taking 10 minutes at the end of each meeting to agree the agenda for its next meeting, clearly considering what will feature as part of the forward plan of business when determining what can reasonably be added to the agenda, whilst still allowing sufficient time for discussion of each item.

R7: The forward annual plan of business for CoG should be further refined and brought back to CoG for discussion and adoption in November 2017. This should incorporate items CoG will receive aligned to the annual planning cycle, membership engagement, committee feedback from NEDs and the new Chair/NED appraisal process.



2B. Support, induction and training

Governors felt that administrative support for CoG had improved over the past 12 months, however they also pointed out, what we found to be a wider issue across Trust meetings, in relation the timeliness of papers. There is a lack of clarity and awareness in relation to the training and induction offering for Governors and we recommend that CoG play a more active role in defining this moving forwards.

Key themes:

Support

- Most Governors we spoke to felt that support for CoG had improved over the past 12 months and felt co-ordination from Trust officers was now more effective. However, many also pointed out that papers for CoG and Board and committee meetings being tabled late continued to be an issue, preventing Governors from having sufficient time to read some papers through in advance.
- A number of the staff Governors we spoke to explained that they had issues with being released from their core duties to participate in Governor activities, from engagement with members to attendance at CoG or other groups. Whilst it may not be practical to formalise time for such activities within job descriptions or job plans, that staff Governors should be released to undertake their duties should be a clear expectation set by the Trust's leadership.

Training and induction

- Whilst there is an induction process and some training is available to Governors we found low awareness of, and access to, this.
- A number of Governors told us that the induction process could be more formally stated and that it should be more clearly a requirement for new Governors.
- Similarly, Governors we spoke to felt that training was an area of weakness and one which needed to be addressed, in terms of both clearly identifying training requirements and needs, and also, improving awareness and access.



Good practice insights / potential solutions

There are a number of sources of training for Governors, from external organisations who provide courses and events to internal training that can be organised around specific topics.

Given there are limited funds to support Governor training, it may be more practical and more organised if CoG were to take a larger role in identifying the broad training needs of the Governor cohort and in identifying the training events that will take place over the calendar year.

Recommendations for improvement

R8: The CEO and Chair should jointly restate the organisation's commitment to enabling staff Governors to be released to participate in Governor activities. A clear line of escalation should be defined to the Chair and CEO (via the Director of Corporate Affairs) should staff Governors continue to face challenges in this area.

R9: We recommend that CoG form a working party of Governors, which will report back to CoG in November, in order to;

- Co-design and develop an induction package for Governors, and
- Identify the training needs of Governors over the course of 2017/18 (this training needs assessment should then form part of the annual cycle of CoG each year).

Appendix 1:

Glossary

Appendix 2: Glossary of terms

CoG	Council of Governors
ED	Executive Director
NED	Non-Executive Director



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Deloitte Review - Council of Governors Action Plan

Governor's Statutory Duties	Recommendations	Action
Holding the Non-Executive Directors (NED's) to account	<p>R1. At least one NED from each Board committee should attend each meeting of CoG and present a summary of the key areas of focus and debate at committees as part of a standing agenda item. This should place a particular focus on the areas where NEDs were, or were not assured. This agenda item should provide sufficient time to enable Governors to question and debate the feedback provided by NEDs.</p>	<p>Agreed. Heretofore all NEDs have been invited to CoG meetings as a matter of course though due to their own personal schedules, they have not always been able to attend.</p> <p>In future we will have a standing item on the CoG agenda for Committee feedback from NEDs. We will expect the Committee Chairman or one of the NED members of the Committee to feedback on areas of positive or negative assurance. As this item gets more embedded we expect the time devoted to it will grow.</p> <p>We will also provide time for Governor questions and debate and if possible have relevant observations from the Governors who also attended those Committee meetings. To make this effective, we would like to formalise Governors' attendance at Committee meetings and either have a rota or agreed Governors to attend each Committee.</p>
	<p>R2. The opportunity should be taken to present a short one page table setting out which NEDs chair, or sit on, the Board committees at the December 2017 CoG. This should be accompanied by a schematic of the new Board committee structure proposed for 2018.</p>	<p>Agreed. This will be taken to CoG on 06.12.17 as an agenda item.</p>
	<p>R3. We recommend that designated time (we would suggest 20 minutes) is made available for NEDs and Governor attendees to meet for discussion after each Board and Committee meeting.</p>	<p>Agreed. Governors who have attended Board and Committee meetings have had an informal opportunity to ask questions during and after meetings and NEDs have made themselves available for informal discussion as a matter of course. However we will now build this in as a Standing Agenda item to each meeting.</p>

	<p>We suggest that this is supplemented by a twice annual NED surgery where all NEDs make themselves available to Governors for more informal discussion after CoG meetings.</p>	<p>Agreed. This will be built into the formal CoG timetable for 2018-19 onwards though an opportunity for the NEDs and Governors to meet and have informal discussions has been arranged following the CoG meeting on 06.12.17.</p>
	<p>R4. Complete the implementation of a new Chair/NED appraisal process once the proposed approach is taken to Governors Nomination and Remuneration Committee for consultation. Governor engagement in the appraisal process and its findings should then be embedded in the annual cycle of the CoG.</p>	<p>Agreed. An Appraisal Process for the Chairman and Non-Executive Directors will be considered by the CoG Nomination & Remuneration Committee on 06.12.17 following which it will be commended to the CoG. It will be implemented from Q4 2017-18 and enables Governors to be fully involved in the system to appraise the Chairman and the NEDs.</p>
<p>Representing the interests of members and the public</p>	<p>R5. Restart the Membership Committee as a formal, quarterly subcommittee of the Council of Governors. This should be linked to CoG's forward cycle of business and should feature regularly on the CoG agenda. Some key features of how the Membership Committee should operate include;</p> <ul style="list-style-type: none"> • Taking direction from CoG as to the areas in which it should focus engagement activity, • Take responsibility for building and maintaining a library of engagement tools for Governors to use when undertaking engagement events, • Drive the content of the membership newsletter, to include rolling information on who Governors are and how to contact them, and • Align a cycle of thematic engagement activity each quarter with the annual cycle of the Trust / CoG and include consideration of areas where the Trust would like to engage with members such 	<p>A meeting to kickstart a Governor Membership & Engagement Committee was held on 03.11.17. It was attended by a number of Governors, the Membership Office, the Trust Secretary and members of the Comms Team.</p> <p>The meeting considered the current communication and engagement with the membership which was organised centrally by the Membership Office but in which Governors were invited to be involved. The main regular items were:</p> <ul style="list-style-type: none"> • Regular news and information from the Trust in a monthly ebuletin to members • An annual programme of Member Health Talks based on high interest or requested topics and other events • Monthly "Meet your Governor" stand in reception • Annual Members Meeting (which had followed a new format in 2017 and had record attendance). <p>The Governors indicated that they were broadly happy with the activities currently underway though had some suggestions on how they might be improved, eg:</p> <ul style="list-style-type: none"> • Coordinating with the Communications Team on the stories to be featured in the monthly ebuletin • Exploring greater use of social media and podcasts.

	as service redesign, service reconfiguration or the STP.	<p>Before re-starting and formalising a standing Membership & Engagement Committee, they felt that they would benefit from a better analysis of the membership to understand the demographic composition (which might inform what tactics to use for communication and engagement) and an understanding of what (financial) resource might be available. The Governors saw the refresh of the Membership Strategy as a key responsibility of a Membership & Engagement Committee.</p> <p>However it resolved to hold another meeting before anything was finalised. The Governors recognised that for a Membership & Engagement Committee to be effective required the strong support and commitment of Governors to actively engage with the membership.</p>
Agenda, duration and frequency	R6. The agenda setting process for CoG should be more formal in nature, with CoG itself taking 10 minutes at the end of each meeting to agree the agenda for its next meeting, clearly considering what will feature as part of the forward plan of business when determining what can reasonably be added to the agenda, whilst still allowing sufficient time for the discussion of each item.	Agreed. This will be an item on the CoG agenda going forwards.
	R7. The forward annual plan of business for CoG should be further refined and brought back to CoG for discussion and adoption in December 2017. This should incorporate items CoG will receive aligned to the annual planning cycle, membership engagement, committee feedback from NEDs and the new Chair/NED appraisal process.	Agreed. A revised annual planning cycle will be presented to CoG for approval.

Support induction and training	<p>R8. The CEO and Chair should jointly restate the organisation's commitment to enabling staff Governors to be released to participate in Governor activities. A clear line of escalation should be defined to the Chair and CEO (via the Director of Corporate Affairs) should staff Governors continue to face challenges in this area.</p>	<p>Agreed. Provision 3.3 in in Annex 5 of the Constitution (Additional Provisions – Council of Governors) states: "In respect of a staff governor who is an employee of the trust, the Secretary shall seek to facilitate such employee's reasonable participation as a staff governor during normal working hours to the extent reasonably necessary for the performance of their duties as a staff governor (including reasonable time off from his contractual duties) and shall not make any corresponding deduction from salary."</p> <p>When reminded of this, the Executive re-confirmed its commitment and support of this provision which will be overseen by the Director of Corporate Affairs.</p>
	<p>R9. We recommend that CoG form a working party of Governors, which will report back to CoG in December, in order to;</p> <ul style="list-style-type: none"> • Co-design and develop an induction package for Governors, and • Identify the training needs of Governors over the course of 2017/18 (this training needs assessment should then form part of the annual cycle of CoG each year). 	<p>Agreed.</p> <p>A Governor Working Group met to discuss this on 24.10.17 and a paper setting out its proposals is presented for consideration by the CoG on 06.12.17.</p>

Meeting Title:	Council of Governors										
Date:	6 December 2017	Agenda No.	8								
Report Title:	Recommendation by the External Auditor Working Group on the Appointment of Grant Thornton for the Four Years Ended 31 March 2022										
Lead Director/ Manager:	Andrew Grimshaw, Chief Finance Officer										
Report Author:	Robert Flanagan, Director of Finance Operations										
Presented for:	Approval Decision Ratification Assurance Discussion Update Steer Review Other (specify)										
Executive Summary:	<p>The appointment of the Trust’s external Auditors is subject to the approval of the Governors. A working group, the External Auditor Working Group (EAWG) has been formed to lead this work. The EAWG comprised Sarah Wilton (Chair), Ann Beasley (NED), Nigel Brindley (Governor), Andrew Grimshaw (CFO) and Robert Flanagan (Director of Finance Operations). On the 21st November the Group met to review responses to the tender and to make a recommendation to appoint for consideration by the Governors. Only one tender was received in relation to this, which was from Grant Thornton, the Trust’s existing external audit provider. This bid was judged to be compliant, represent value for money and competent. Retendering to seek a wider field was not seen as being likely to generate a different outcome.</p> <p>Based on this judgement, the recommendation of the EAWG to the Governors is to appoint Grant Thornton. The costs associated with this service are detailed in the table below.</p> <table><tr><td>1st April 2018 – 31st March 2019</td><td>£76,500</td></tr><tr><td>1st April 2019 – 31st March 2020</td><td>£76,500</td></tr><tr><td>1st April 2020 – 31st March 2021 reflecting inflationary uplift and higher skills mix through progression of audit team</td><td>£78,000</td></tr><tr><td>1st April 2021 – 31st March 2022 reflecting inflationary uplift and higher skills mix through progression of audit team</td><td>£78,000</td></tr></table>			1 st April 2018 – 31 st March 2019	£76,500	1 st April 2019 – 31 st March 2020	£76,500	1 st April 2020 – 31 st March 2021 reflecting inflationary uplift and higher skills mix through progression of audit team	£78,000	1 st April 2021 – 31 st March 2022 reflecting inflationary uplift and higher skills mix through progression of audit team	£78,000
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1 st April 2021 – 31 st March 2022 reflecting inflationary uplift and higher skills mix through progression of audit team	£78,000										
Recommendation:	The Council of Governors is asked to approve the appointment of Grant Thornton as external auditors of St George’s University Hospitals NHS Foundation Trust for the four years ended 31 March 2022, with the option of extending available to the Council of Governors.										
Supports											
Trust Strategic Objective:	All										
CQC Theme:	Well-led										
Single Oversight Framework Theme:	Well-led										
Implications											
Risk:	If the appointment of Grant Thornton is not approved by the Council of Governors at its meeting on 6 December 2017, there is no alternative bidder to whom the contract could be awarded, and there is insufficient time to re-run a procurement whilst complying with the rules of NHS on the timing of appointment. In mitigation, Grant Thornton have submitted a compliant, value-										

	for-money, competent bid. There is also nothing to suggest that re-procuring would produce a different result.		
Legal/Regulatory:	Local Audit Accountability Act 2014 (amended) Code of Audit Practice issued by NAO LPP Audit and Consultancy Audit Framework Scheme of Delegation SFIs		
Resources:	Procurement, Finance		
Previously Considered by:	Audit Committee, External Auditor Working Group, Council of Governors	Date:	August through November 2017
Equality Impact Assessment:	N/A		
Appendices	Appendix 1 – Response to Invitation to Tender from Grant Thornton Appendix 2 – Benchmarking Information Demonstrating Value for Money		

Recommendation by the External Auditor Working Group on the Appointment of Grant Thornton for the Four Years Ended 31 March 2022

**FOREWORD BY NIGEL BRINDLEY, GOVERNOR OF ST GEORGE'S UNIVERSITY HOSPITALS
NHS FOUNDATION TRUST AND COUNCIL OF GOVERNORS' REPRESENTATIVE ON THE
EXTERNAL AUDITOR WORKING GROUP**

The work of the External Auditor Working group culminated in the recommendation for the reappointment of Grant Thornton (GT), extant external auditor, for a 4 year term to March 2022. Despite the fact that the Trust received only one bid in response to its tender process, GT submitted a competent bid that met the selection criteria and represented value-for-money as measured against its existing rates and benchmarking against other trusts. The GT team demonstrated its proficiency and experience at interview and is familiar with the Trust, its staff and processes. Planned team rotations within the GT team should maintain objectivity during its extended engagement. Therefore, I see no reason why the recommendation should not be approved. This view is supported by Sarah Wilton, Chair of the Audit Committee, Anne Beasley, Chair of the Finance and Performance Committee and member of the Audit Committee together with Andrew Grimshaw, Chief Finance Officer.

However, it is also true to say that the ability of the Trust to get the best possible deal, balancing service with cost, may have been compromised by the fact that no effective competition was established. The lack of interest from other parties was primarily the result of existing and potential conflicts of interest faced by most firms on the tender framework due to the fact they are already undertaking advisory work at STG. Potential conflicts of interest effectively prohibit a firm from providing both audit and other advisory services at the same time. Whilst the Trust has engaged many of the firms on the framework to perform other advisory services, others may have excluded themselves in order to qualify for anticipated, more lucrative, future advisory engagements. Trust management must learn from this and consider more widely in future, the impact of using so many external organisations.

Recommendation by the External Auditor Working Group on the Appointment of Grant Thornton for the Four Years Ended 31 March 2022

1.0 PURPOSE

- 1.1 This report recommends to the Council of Governors the appointment of Grant Thornton as external auditors to St George's University Hospitals NHS Foundation Trust for the four years ended 31 March 2022.

2.0 BACKGROUND

- 2.1 St George's University Hospitals NHS Foundation Trust (St George's) is required to follow the scheme of delegation and SFIs, which require certain procedures to be followed in respect of the appointment of external auditors. External Auditors are appointed by the Council of Governors (formerly by the Audit Commission), hereinafter referred to as 'the Governors'. The Governors established the External Auditor Working Group to assure them on the procurement process and make the recommendation to the Governors in respect of the appointment of the External Auditors.
- 2.2 The existing contract for external audit services runs out post the conclusion of the 2017/18 annual accounts audit. As such the Trust needs to tender a new contract for external auditor services. This must be completed before 31st December in the year preceding the start of the new contract – in this instance 31st December 2017.
- 2.3 The Director of Finance Operations recommended a procurement process in respect of the external audit service to the External Auditor Working Group, chaired by the Chair of the Audit Committee. The key elements of the process were the use of the London Procurement Partnership (LPP) 'Audit and Consultancy Audit Services Framework' and the need to deliver the recommendation to the Council of Governors in time to make the appointment prior to 31 December 2017 in order to remain compliant with NHS rules.

3.0 PROCUREMENT PROCESS

- 3.1 As agreed by the External Auditor Working Group, the procurement process was managed by the Acting Head of Procurement at St George's with the close involvement of the Director of Finance Operations, Robert Flanagan. The process commenced during August 2017.
- 3.2 As agreed by the External Auditor Working Group, a mini-competition was held as required by the user guide accompanying the selected framework (see 1.6 of the User Guide – found at <http://www.lpp.nhs.uk/categories/estates-facilities-professional-services/audit-and-consultancy-audit-framework/>).
- 3.3 Suggested core specification and assessment criteria are included as Appendices A and C of the 'Guidance on the Local Procurement of External Auditors for NHS Trusts and CCGs' (a DH publication). The assessment criteria suggested in the guidance were adopted by the External Auditor Working Group, and the scoring criteria applied were, therefore, as follows:

Costs (40%);

Methodology and Approach (30%);

and

Resources, Organisation, Capability and Experience (30%)

- 3.4 Updates were provided to the Audit Committee and Council of Governors by the Director of Finance Operations during September and October 2017.
- 3.5 It was agreed that the External Auditor Working Group, in its capacity as evaluation panel, would score the tender returns against the assessment criteria. The scores were finalised and submitted by the members of the External Auditor Working Group (in their capacity as the evaluation panel) to Procurement on 21 November following the presentation by the sole bidder, Grant Thornton.
- 3.6 The evaluation panel comprised:
- Sarah Wilton, NED of the Trust and Chair of the External Auditor Working Group
 - Nigel Brindley, member of the Council of Governors of the Trust
 - Andrew Grimshaw, CFO of the Trust
 - Ann Beasley, NED and Deputy Chair of the Trust
 - Robert Flanagan, Director of Finance Operations of the Trust

4.0 OUTCOME OF PROCUREMENT PROCESS

- 4.1 The response to the Invitation to Tender was disappointing. Only one bid was received (see Appendix 1), which was from the incumbent external auditor, Grant Thornton. Others on the framework (who had all been invited to tender as required by the procurement rules) declined to bid, in the majority of cases because of a conflict of interest arising out of other work they had been commissioned to perform by the Trust, or because of capacity issues.
- 4.2 Best practice for external auditors is that they do not provide other services to their external audit clients. This is in order to ensure that External Auditors maintain their independence and objectivity. The risk that the Trust would see some potential providers exclude themselves was noted from the start of the process.
- 4.3 The use of the Audit and Consultancy Audit Services Framework was recommended to the External Auditor Working Group because it contains 7 of the 10 audit firms approved to supply audit services to 'local public bodies' (which includes NHS Foundation Trusts). Of the three approved bodies not on the framework, two are small and regionally specific and were considered as being highly unlikely to submit a bid, while the third is a company which was providing advisory services to the Trust at the time. In addition, the use of a framework considerably improves the efficiency of the procurement process by reducing the time required to complete the work compared to undertaking a full OJEU tender.
- 4.4 While it is frustrating that only one bidder emerged as a result, the procurement process reflected accepted practice and it generated a valid bid.

5.0 REVIEW OF SUBMITTED BID

- 5.1 The planned evaluation process for this tender consisted of the EAWG reviewing each bid, meeting each bidder and then undertaking a scoring against the evaluation criteria set out in the paragraph 3.3. Even though there was only one bidder this process was still undertaken to ensure that the bid received was acceptable. The quality score for GT was 86% against a maximum of 100%. As GT was the only bidder, the financial element scored 100%. This produced a weighted score of 92% out of a maximum 100%.
- 5.2 The value-for-money aspect of this bid was tested through benchmarking. This indicated that the day rates and proposed annual fees were comparable with those achieved by other Trusts. Please refer to Appendix 2.

- 5.3 The EAWG concluded that the bid provided by GT was competent, represented VFM and as such it was acceptable to appoint them. This view was unanimously supported by all the members of the EAWG.

6.0 RISKS

- 6.1 There are three potential risks associated with this exercise.
- 6.2 The process was not appropriate as there was only one bidder. Mitigation: A fair and open process was followed and the bid submitted received the required assessment and was seen as acceptable, as outlined in section 5. In addition all organisations on the framework were contacted for feedback, none of whom expressed any concerns with the process undertaken.
- 6.3 Value for money cannot be demonstrated when there is only one bidder. Mitigation: The bidder would not have been aware they were the only one and would have priced their bid to win. The EAWG benchmarked the bid received against the day rates paid by other Trusts for external audit services and the fees paid by other trusts for 2016/17. These were seen as comparable, see Appendix 2.
- 6.4 If the Trust fails to identify an acceptable provider it would not be able to make an appointment before 31st December 2017. Mitigation: An acceptable provider has been identified as confirmed by the EAWG.
- 6.5 In any future tender for external audit services to secure a larger field of bidders the Trust would need to ensure that it limited its engagement of potential providers for other activities. This issue will need to be monitored as the Trust approaches the next external audit appointment – this means 2021 if the Governors confirm the appointment of GT at this time.

7.0 RECOMMENDATION

- 7.1 The Council of Governors is recommended to approve the appointment of Grant Thornton as external auditors of St George's University Hospitals NHS Foundation Trust for the four years ended 31 March 2022, with the option of extending for a maximum of two years being available.

Author: Robert Flanagan, Director of Finance Operations
Date: 24.11.17

External Audit Benchmarking

Background:

St George's Hospital NHS Foundation Trust (STG) recently ran a competitive process to appoint a Supplier to provide External Audit and Consultancy Services to the Trust.

Due to various issues within the market, only one response from Grant Thornton was received from the suppliers on the appropriate Framework Lot for the services.

A benchmarking analysis against other contracts has been carried out.

Methodology:

The STG Procurement team contacted other Trusts in order to obtain either recent bid information, or existing contractual pricing. Responses were received from Guys and St Thomas and Kingston. At the time of writing, responses were still outstanding from Barts and Kings College Hospital. The available information was then compared with the pricing received from Grant Thornton. The day rate pricing within the contracts/bids was placed alongside the STG requirement (number of audit days) published in the tender documentation to ensure a like-for-like comparison.

The comparison cannot be 100% accurate – the assumption made within the benchmarking is no additional services are provided for those rates with other Trusts (as we are not privy to the alternative arrangements or any other “added value”).

The table shows the rates within tenders and contracts obtained.

A “blended rate” is also provided to show an average cost per day across the requirement.

The cost benchmark is shown in the table below:

Grade/Equivalent	Number of Days	KPMG (GSTT)		Grant Thornton (STG & Kingston)		KPMG (Kingston)		Mazars (Kingston)		BDO (Kingston)	
		Day Rate	Total	Day Rate	Total	Day Rate	Total	Day Rate	Total	Day Rate	Total
Partner/Director	15	£1,000	£15,000	£800	£12,000	£900	£13,500	£1,000	£15,000	£820	£12,300
Managing Consultant	18	£850	£15,300	£800	£14,400	£775	£13,950	£525	£9,450		£0
Principal Consultant	6	£850	£5,100	£600	£3,600	£775	£4,650	£325	£1,950	£510	£3,060
Senior Consultant	21	£580	£12,180	£500	£10,500	£600	£12,600		£0	£425	£8,925
Consultant	30	£580	£17,400	£500	£15,000	£475	£14,250	£275	£8,250		£0
Junior Consultant	30	£450	£13,500	£400	£12,000	£375	£11,250		£0	£350	£10,500
Trainee	30	£350	£10,500	£200	£6,000	£250	£7,500	£250	£7,500	£310	£9,300
Total	150		£88,980		£73,500		£77,700		£42,150		£44,085
Blended Day Rate			£593.20		£490.00		£518.00		£281.00		£293.90

Analysis:

The rates received by STG in the response by STG are equivalent to those received by Kingston and lower than the rates provided by KPMG within the Guy's and St Thomas's contract. This is mainly explained by the relative sizes of the Trusts.

Whilst Mazars and BDO are clearly a lower cost, they also did not include certain rates for the responses to Kingston as they were not asked for.

STG is in between the size of GSTT and Kingston and the benchmark for the audit fees in this instance are competitive and demonstrate a balance (e.g. not the lowest cost but in between).

It is also worth noting within this analysis that GSTT contract is on older framework rates – whereas Kingston's tender is more recent. However the rates are still higher than those provided by Grant Thornton.

In the 16/17 Financial Year, GSTT spent £115,000 on Audit fees according to the Annual Report.

Kingston spent £70,000.

Conclusion:

The rates received by STG from Grant Thornton are equal to those received by Kingston and are 17% cheaper than the per day rates paid by GSTT to KPMG based on the same input number of days.

**Invitation to Tender (ITT) for the Provision of Audit and
Consultancy Audit Services – External Audit Services**

1st November 2017

Access Code: 3/859/16/LPPL1-5/2141

This is a Further Competition being undertaken under the London Procurement Partnership Framework Agreement for Audit and Consultancy Audit Services

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1 Contents

1.1 Introduction

I am pleased to enclose a formal Invitation to Quote (ITT) for External Audit Services.

This ITT is being issued under the East of England NHS Collaborative Procurement Hub (EoECPH) Audit and Consultancy Audit Services Framework advertised in OJEU as 2014/S 125-222805.

Offers are invited subject to the terms and conditions of the East of England NHS Collaborative Procurement Hub Framework Agreement for Audit and Consultancy Audit Services.

The purpose of this ITT is to provide sufficient information to enable **St George's University Hospitals NHS Foundation Trust** to identify the supplier that can provide External Audit Services at the highest level whilst minimising costs and providing good value for money.

The Contracting Authority in accordance with its best practice confirms that the provider for External Audit Services will not be the same as the provider of Internal Audit [or Counter Fraud] services to the Contracting Authority.

St George's University Hospitals NHS Foundation Trust is seeking to obtain the best price for the services overall, with the required quality of service.

The Audit Standards, Guidance and Policies applicable to the overarching framework:

International Standard on Quality Control (UK) (ISQC (UK))

The International Standards on Auditing (UK) (ISAs (UK))

Financial Reporting Council Standards 2016

The Auditing Practices Board (APB)

Practice Note 10 - Audit of Financial Statements of Public Sector Bodies in the United Kingdom

Local Audit and Accountability Act 2014

The National Audit Office (NAO) Code of Audit Practice sets out what local auditors of relevant local public bodies are required to do to fulfil their statutory responsibilities under the Local Audit and Accountability Act 2014. 'Relevant bodies' are set out in Schedule 2 of the Act and include local councils, fire authorities, police and NHS bodies. Local auditors must comply with the Code of Audit Practice.

The above list is not intended to be exhaustive and may be subject to change during the life of the Framework from revisions, legislative updates, new codes or Bodies relevant to the audit of publically funded entities.

It is the responsibility of the Providers on the Framework to ensure they apply the appropriate standards and requirements, relevant to the Contracting Authority securing services under the Framework, AND against the Lot or Lots being issued for Mini Competition.

Where or if standards are referenced in this document or other supplementary paperwork issued by the Contracting Authority, and which are either negated/replaced/updated/superseded, **Providers should automatically apply the latest/applicable/relevant regulatory and/or professional audit delivery requirements to the services to be provided under the Framework and against the ITT.** For example, any references to the Audit Commission Code of Audit Practice 2010 has been superseded by the National Audit Office Code of Audit Practice 2015, which would be the standard to be applied as/if appropriate to the services being secured.

1.2 Timescales

The following timescales apply for this exercise:

DATE		DESCRIPTION
START	FINISH	
1 st November 2017 at 15:00pm		Issue Invitation to Tender (ITT)
2 nd Nov 2017	13 th Nov 2017 at 17:00pm	Supplier Queries & correspondence
14 th Nov 2017		Closing Date For (ITT) 12:00pm
14 th Nov 2017	20 th Nov 2017	The ITT Evaluation
21 st Nov 2017		Supplier presentation – (Location details will be sent accordingly)
22 nd Nov	23 rd Nov 2017	The ITT Evaluation
24 th Nov 2017		External Audit Working Group Recommendation
27 th Nov 2017		Audit Committee recommendation to Board of Governors
6 th Dec 2017		Decision approved by Board of Governors
7 th Dec 2017		Contract Award notification and letter to unsuccessful organisations
7 th Dec 2017		Publication of a notice of local auditor appointment (within 28 days of appointment)
8 th Dec 2017	22 nd Dec 2017	Standstill Period
w/c 1 st Jan 2018		Contract Award

A key requirement of this ITT is that your offer submission is received as noted within section 1.3 Submissions and must provide firm pricing for the service requirements. Failure to comply with these instructions may result in your offer being rejected.

1.3 Submissions

I would like to draw your attention to the following important points when completing and submitting your offer:

- All offers must be written in English.
- Offers must be received by the closing date and time.
- The Contracting Authority reserves the right to not to complete the process and to abandon the ITT at any stage of the process.

- The Contracting Authority reserves the right to deselect a preferred Provider for contract award.
- The Contracting Authority reserves the right to reselect a preferred Provider for contract award.
- The Contracting Authority reserves the right not to award the ITT contract to any Provider.

All Providers shall be responsible for all and any costs incurred by them in connection with all stages of this ITT process.

- Adobe PDF is not an acceptable format for an ITT submission. The documentation has been issued as a word document and is to be completed and returned as a word document.
- All offers must be submitted in accordance with the documentation style and format provided herein.
- Company branded ITT submissions with revised layout; format and numbering are not acceptable.
- Where Bidders feel they wish to include additional or supporting information it can be provided as an attachment but we do not undertake to evaluate this information.
- Where Providers are asked to submit evidence or examples for the ITT submission such as reporting layouts or audit report formats or key performance indicators, these may be provided with branding and issued as a PDF.
- All offers must be submitted no later than **17:00pm on 14th November 2017**
- Offers should be submitted via <https://procontract.due-north.com/Login>

1.4 Contact Details

During the clarification period to the **13th November 2017 15:00pm** offerors are required to address **general and commercial queries** in the first instance to:

Email: via <https://procontract.due-north.com/Login> or if any system issues with reporting via Due North: fabian.ashun@stgeorges.nhs.uk

Clarification questions raised will, for audit purposes and to enable the sharing of information, be provided by the Contracting Authority to all interested parties involved in the ITT.

1.5 Information about the Contracting Authority

St George's NHS University Hospitals NHS Foundation Trust (St George's) is required to follow the scheme of delegation and SFIs, which require certain procedures to be followed in respect of the appointment of external auditors. External Auditors are appointed by the Board of Governors (formerly by the Audit Commission), hereinafter referred to as 'the Governors'. The Governors have established the External Auditor

Working Group to lead the procurement process and make the recommendation to the Governors in respect of the appointment of the External Auditors.

2 Specification for the Provision of External Audit Services

St George's University Hospitals NHS Foundation Trust (as the Contracting Authority) requires a comprehensive and efficient External Audit Service, which will assist the Contracting Authority in meeting its requirements, whilst maintaining the necessary level of professional independence.

Terminology of Head of External Audit was set in the overarching Framework to distinguish the types of auditor; e.g. Head of Internal Audit and Head of Counter Fraud Audit. However, for delivery of External Audit Services under this ITT, the terminology used is External Audit Lead.

The External Audit Lead responsible for the External Audit Services must be suitably qualified, to lead and direct the services as a whole for the Contracting Authority, and registered as a key audit partner (KAP). The Provider and KAP must be registered and approved with either the Institute of Chartered Accountants England and Wales (ICAEW) or the Institute of Chartered Accountants in Scotland (ICAS).

External Audit Services provided should meet the requirements of:

1. Whole of Government Accounts (WGA) work
2. Quality Accounts work (Foundations Trusts)
3. Charitable Funds work (as applicable to the Contracting Authority)

2.1 Contract Period

The Contract will commence w/c 1 January 2018 (for the audit year 2018/19) for a period of 4 financial years.

(With 1 April 2018 being the usual appointment date; the first financial year is subject to the new audit contract commencing on that date. NHS rule that the contract needs to be awarded by the 31 December of 2017 for an audit engagement relating to a year commencing 1 April 2018. In light of this that the contract does not need to commence on 1 January 2018, having a supplier in place is the Trust's requirement.

2.2 General requirements



ITT Specification for
the Provision of Audit

The Provider should obtain sufficient, relevant, and reliable evidence on which to base conclusions and recommendations in line with International Auditing Standards.

2.3 Managing Audit Assignments

The Provider should ensure that findings, conclusions, and recommendations arising from each audit are communicated promptly to the appropriate level of management and actively seek a response. They should ensure that arrangements are made to follow up audit recommendations and to monitor the effectiveness of action taken.

2.4 Key Performance Indicators

The Provider is expected to be a self-monitoring function using a portfolio of key performance indicators. As part of the proposal process, we are seeking clarification from the Providers of their proposed KPIs. Examples of KPIs relevant that the Contracting Authority would receive are to be detailed as *Appendix A*.

3. Offer Schedule

3.1 Provision of Ad Hoc Services – additional services

Such services which may be required from time to time, but which lie outside the work detailed in the Provider's planned audit work for the Contracting Authority, and against which the audit days detailed at Section 4.8.2 apply, shall be referred to as "ad hoc services" and commissioned and charged for separately.

Any ad hoc services, delivered at the contracted daily rate, shall be discussed in advance between the Provider and the Director of Finance & Performance in order to establish the number and level of staff and the number of Audit days required. All effort will be made to ensure adherence to the total planned days agreed for that year. Contracting Bodies retains the right to use the days flexibly.

For any specific review, the Provider will conduct an initial feasibility study and prepare terms of reference. These will be agreed with the Director of Finance & Performance prior to the review commencing.

3.2 Training

The Provider will be required to offer access to briefings, professional updates and where appropriate training sessions for Contracting Authority staff that will focus on changes and updates for areas such as capturing accountancy standards or requirements of the governing board / body / Auditor Panel Governor's Council etc. Details of what training will be provided and how this will be undertaken is to be provided as part of the ITT submission.

3.3 Presentation

Tenderers may be required to make presentations on elements of their submission to the evaluation panel, any such presentations will form part of the evaluation process. See Appendix B for evaluation information for this ITT.

The decision to progress to presentations will be made after the evaluation of all tenders. If the Contracting Authority does proceed with presentations Bidders will be expected to attend on the date or dates as identified at Section 1.2.

Bidders should ensure that if different, the External Audit Manager within their organisation, and the proposed External Audit Lead who will act as the responsible day to day person for delivering the services both attend the presentation.

3.4 Pricing and Responses

Notes to Bidders for Guidance

Section 4 must be completed in full. It is important you detail your day rate value for each grade of staff, which must be within the upper limit identified within your submission, even if you wish to include an overall averaged day rate against/for the total contact price. All supporting narrative and evidence must be clearly referenced using the same heading information and reference points as detailed in the Offer Schedule.

The offer should be the best match to the specification. Should the Bidder wish to offer alternative options these should be clearly marked as such and submitted on separate sheets.

Bidders should include sufficient information to enable a clear understanding of the pricing structure of the engagement, in particular whether the fee is fixed in advance, or is subject to change, and if so upon what conditions.

Bidders are to return their ITT submissions in the same format as set out in this ITT; this includes headings, numbering and layout of the published documentation.

BIDDERS SHOULD READ ALL OF THE INFORMATION PROVIDED WITHIN THIS ITT AND ANY SUPPORTING INFORMATION PRIOR TO SUBMITTING CLARIFICATION QUESTIONS.

WHERE THE REQUEST IS FOR INFORMATION THAT IS ALREADY PROVIDED/DETAILED OR SET AS AN INSTRUCTION, AND IS OBTAINABLE FROM THE ITT AND/OR SUPPORTING DOCUMENTATION, SUCH AS APPLICABLE STANDARDS TO THE SERVICES OR SCORING VALUES, THE CONTRACTING AUTHORITY CAN REDIRECT THE PROVIDER BACK TO THE ITT INSTEAD OF EXTRACTING THE INFORMATION AND RE-PROVIDING.

3.5 Evaluation and Weightings

The following criteria will be used to evaluate the responses to the Invitation to Quote:

3.5.1 Methodology (Quality) – 15%

- Understanding of the requirement – 15%

3.5.2 Approach (Quality) – 15%

- Approach to design and delivery including VfM – 15%

3.5.3 Technical Resources, Organisation, Capability and Experience (Quality) – 30%

- Quality assurance and measuring outcomes – 30%

3.5.4 Commercial – 40%

- Cost and Competiveness - Service Price

A maximum value of 100 points will be awarded to the lowest Bid offering the lowest Price based on the requirements provided in the specification.

Other Bids will have applied a relative score depending on their percentage variance from the lowest overall price. Each Bid will have an apportioned number of points based on the difference, however where bid scores are of equal value they will receive equal points.

Cost and Competitiveness – Service Price

Points will be awarded on the basis as follows:

Method:

Best Price = 100 points

Other Price = 100 points – % difference

Formula:

$(\text{Other Price} / \text{Best Price} - 1) \times 100 = \text{percentage}$

$(100 \text{ points} - \text{percentage}) \times 40\% = \text{commercial score}$

Prices which are 100% higher than the lowest price will be awarded 0 points.

The Commercial Evaluation will form 40% of the overall Bid score. Final commercial scores in terms of a percentage of the overall Bid score will, therefore, be obtained by applying a 40% weighting factor to the points achieved by the Bid.

Examples:

The following values are provided strictly by way of example only; it is not meant to imply nor identify a predefined value/requirement on costs. Bidders are to submit pricing relevant to their organisation and their own cost base.

Example values and example points:

This example is based on a Lowest bid price of £72,500 = 100 points x .40 = a commercial score of 40

Other bid prices:

$\text{£}100,000/\text{£}72,500 = 38\%$ $100 - 38 = 62 \text{ points} \times .40 = \text{a commercial score of } 24.8 = 25$

$\text{£}126,600/\text{£}72,500 = 75\%$ $100 - 75 = 25 \text{ points} \times .40 = \text{a commercial score of } 10$

3.5.5 Supplier Presentation

- The top 4 highest scoring suppliers will be invited back to provide to present a final clarification of their bid

3.5.6 Scoring Methodology

Where appropriate, individual questions in the technical evaluation will be scored using the following scoring system:

Assessment	Points
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Very poor Response provides no confidence of ability to undertake and deliver the service, and/or no supporting evidence.	0
Poor Response provides limited confidence of ability to undertake and deliver the service, and/or limited supporting evidence	1
Satisfactory Response provides confidence of ability to undertake and deliver the service, and/or sufficient supporting evidence	2
Good Response provides high confidence of ability to undertake and deliver the service, and/or considerable/comprehensive supporting evidence	3

See Appendix B for further information on evaluation, and the Evaluation Matrix Overview at 3.5.4 for further detailed information on weightings and the importance, if any, of the question to the Contracting Authority, demonstrated by a factor rating, set against the question. Where a factor of 1 is detailed the questions have equal merit, where a factor of 5 is detailed the question has more importance to the delivery aspect of the services to the Contracting Authority.

3.5.7 Evaluation Matrix Overview

Providers should refer to the enclosed evaluation matrix overview, which identifies questions against the published evaluation criteria, and details any scoring or factors to be applied to the evaluation, for example a yes or no response may score 3 for a yes and zero for a no and will be shown for information as (3-0) on the technical tab in the embedded matrix.

Assessment	Points
Very poor	
Response provides no confidence of ability to undertake and deliver the service, and/or no supporting evidence.	0
Poor	
Response provides limited confidence of ability to undertake and deliver the service, and/or limited supporting evidence	1
Satisfactory	
Response provides confidence of ability to undertake and deliver the service, and/or sufficient supporting evidence	2
Good	
Response provides high confidence of ability to undertake and deliver the service, and/or considerable/comprehensive supporting evidence	3

4. ITT Response Questions – External Audit Services

4.1 External Audit

- 4.1.1** Please detail your audit strategy and planning process for the Contracting Authority, evidencing your response where possible, taking into account the Contracting Authority's environment. In support of this question, please provide a brief biography of the personnel who will deliver the services.

Audit strategy

Drawing on our deep understanding of the NHS we have built over the past 30 years and the knowledge and insight we have gained as auditors of the Trust since 2012, we will deliver the right audit strategy by utilising our understanding of the environment you work in, your control environment, your financial challenges and your performance.

Our aim is to obtain reasonable assurance that the financial statements as a whole are free from material misstatement and prepared in all material respects with the NHS Group Accounting Manual.

We follow a four stage 'risk identification' approach:

1. Understanding the Trust, its internal control arrangements and its environment;
2. Understanding the business risks facing the Trust;
3. Understanding management's focus;
4. Evaluating the Trust's financial and operational results.

We will continue to do this through our regular and ongoing meetings with management and non-executive directors, alongside our ongoing review of Board papers, and our understanding of your key financial systems and the reporting requirements for NHS foundation trusts.

From this we identify the matters that impact the financial statements. Each of these is linked to the relevant audit assertions of occurrence, completeness, accuracy, cut-off, classification, existence, rights and obligations and valuation and allocation.

We then review each matter to assess whether it is a:

- Significant risk –significant non-routine transactions and judgmental matters. Based on our knowledge of working with the Trust, we have identified significant risks in respect of management override and revenue recognition, both of which are presumed in the auditing standards. In addition, we have also identified the following significant risks specific to the Trust: cut-off of income and expenditure; the Trust's ability to continue to operate as a going concern and the capability of the Trust's finance team;
- Other risks – whether there is a reasonable possibility of material misstatements. Examples of this for you are existence of healthcare revenues and receivables; the valuation of property plant and equipment; the completeness of operating expenditure and the completeness of employee remuneration;
- Material balance – material balances or transactions in the financial statements where we have assessed there is not a reasonably possible risk of misstatement, but will perform appropriate

audit procedures.

This will then inform the type of testing we undertake to ensure it is proportionate to the level of risk. Our testing will consist of a range of substantive tests of detail. This is a continuous process and the risks are regularly reviewed and updated throughout the audit to ensure we can provide assurance that the financial statements are free from material misstatement.

Approach to materiality

We apply the concept of materiality to your audit allowing us to focus testing on balances that could affect the view of the reader of the accounts. For NHS Foundation Trusts, our experience tells us that most readers would base their judgements on the expenditures of the trust overall. We would usually base our materiality as a percentage of this measure. Based on the challenging financial position of the NHS in general, we would expect materiality to be 1.5% of your gross expenditure. This is a higher percentage than applied in prior years, reflecting the improving control environment of the Trust. This would produce a materiality of around £12,917k.

As well as a monetary amount for materiality we consider if there are balances or disclosures that are of interest to the public or may necessitate a lower level of materiality. For you, this has included;

- senior management salaries and related remuneration disclosures, which has been challenging for the Trust in the context of high levels of turnover at Board level in previous years

Our procedures are designed to detect material misstatements arising through fraud and error. We adapt the level of our procedures based the level of risk as set out above. Should our audit procedures identify a material misstatement within the financial statements, we will;

- discuss the issue at the earliest opportunity with your finance team;
- seek to understand the potential impact and cause of the misstatement;
- agree an appropriate resolution and amendment;
- report the amendment as a 'adjusted misstatement' within our audit findings report.

Our audit procedures may also detect misstatements that are below our materiality threshold. Provided there is no cumulative effect, such misstatements do not always require amendment. We operate a 'trivial' threshold, £250k for your Trust, above which we will report any amended or un-amended misstatements identified by our procedures.

Planning your audits effectively

We design your audit to ensure it meets your needs and addresses the key matters impacting your financial statements. Our audit is a collaborative process with your finance team and our approach to

joint working ensures a smooth, 'no surprises' audit delivery. Our audit planning process includes the following considerations:

- reviewing your risk register, Board Assurance Framework and any reports on you by other regulators
- meeting senior management to understand your current financial position, performance against plan and any upcoming accounting issues and other risks that might affect our audit approach
- asking the members of the Audit Committee for their views on the risks facing the Trust and any areas where they have concern in relation to the accounts, the Quality Report, internal control or value for money
- reviewing board and other committee papers to update our understanding of the issues facing you and to inform our Value for Money (VfM) risk assessment
- liaising with TIAA to understand the findings of their work and to reduce duplication in our audits
- providing you with technical updates and training to ensure you can respond to emerging issues. This includes inviting members of your finance team to our annual accounts workshop
- providing you with an early view on accounting issues to ensure your draft accounts are 'right first time'
- agreeing an audit timetable which meets national guidelines but takes into account pressures facing your finance team. This typically involves completing our risk assessment before Christmas with a follow up visit before the accounts are prepared to complete early testing on transactions for April – December
- setting appropriate audit materiality, taking account of local and wider developments in the NHS, and communicating this to you through our Audit Plan. Inevitably risks change over time so we update our assessment on a regular basis.

Arrangements for securing economy, efficiency and effectiveness in the use of resources

The NAO Code of Audit Practice requires auditors to report by exception if we are not satisfied that you have proper arrangements in place to secure economy, efficiency and effectiveness in your use of its resources. It specifies three criteria;

- informed decision making;
- sustainable resource deployment; and
- working with partners and other third parties.

We tailor our value for money work to ensure that it addresses high risk areas and focuses on your priority areas. To support our work, we:

- consider the work of your regulators and their views of you;
- review key documents such as your strategic and operational plans, performance reports, and patient satisfaction surveys;
- benchmark your operational and financial performance against our wider client base;
- use our knowledge of your health economy and local government to consider how you are working with your partners;
- consider your financial plans and any areas of concern;
- meet with the Chief Executive, Chief Finance Officer and other relevant directors on your strategy, and operational and financial performance.

We have worked closely with the Trust in respect of the VfM conclusion and its relationship with financial position and regulatory requirements, We believe it's really important to flag up early where the VfM conclusion is likely to go and what factors would mitigate that position..

Annual Report

The annual report and annual governance statement (AGS) are important ways to communicate with patients and stakeholders. Together they demonstrate the Trust's performance, governance and stewardship of public funds. Our work on the annual report includes, amongst other things:

- ensuring that the annual report is consistent with the requirements of the Annual Reporting Manual (ARM) as appropriate
- verifying that information appearing in text, tables, and charts is consistent with the financial statements appearing in the annual report and is consistent with our knowledge of the Trust
- ensuring that the 'Greenbury' disclosures have been made in the remuneration report for senior management and that these agree to supporting documentation.

We update our knowledge of your governance arrangements during the year from our attendance at Audit Committees, review of your Board and Committee minutes, discussions with officers and review of internal audit reports. This helps us to assess whether your AGS properly reflects the assurances you have accumulated to support your statement and adequately discloses any risks and control weaknesses. We also confirm that your AGS contains the mandatory content.

In addition to the above, we will benchmark your annual report against other foundation trusts to highlight best practice and any areas for improvement.

Quality Report

We will provide a 'limited assurance' opinion in accordance with the applicable guidance. Our assurance procedures will include:

- evaluating the design and implementation of the key processes and controls for managing and reporting the indicators
- liaising with governors to obtain their views and intelligence, to inform our selection of indicators for testing
- making enquiries of management
- limited testing, on a selective basis, of the data used to calculate the chosen indicators back to supporting documentation
- comparing the content of the quality report to the requirements of the regulations

Our team



Paul Dossett BA (Hons), CPFA - Engagement Partner and registered Key Audit Partner

"I am passionate about the NHS and have a genuine desire to help improve public services by supporting collaboration with local government, the third sector and the private sector. I look forward to continuing the relationship I have developed with the Trust over

the past 4 years.”

Paul brings over 31 years' experience of working with the provider sector including 17 years as an engagement leader. Paul has worked with many NHS trusts and commissioners who are financially challenged and can continue to bring his experiences of how the auditor works with NHS bodies to navigate the statutory and governance challenges arising from our audit work.

Paul can bring his technical knowledge to bear as he has gained considerable experience in responding to complex accounting. He has experience of NHS charities and companies. He is also the partner sponsor for public sector technical issues within the firm and focuses on ensuring our teams adopt a pragmatic and business focused approach to dealing with technical issues.

Acute hospitals Paul has worked with include St George's University Hospitals NHS Foundation Trust; Guy's and St Thomas's NHS Foundation Trust; Colchester Hospitals University NHS Foundation Trust; Barts Health NHS Trust; London North West Hospitals NHS Trust and James Paget University NHS Trust.

Jamie Bewick BA (Hons), CPFA – Engagement Manager



Jamie has over 20 years' experience working in NHS finance both as an auditor and a practitioner. Jamie began his career in the NHS and qualified through the NHS financial management training scheme. Jamie has recently spent six months on secondment to a financially challenged NHS Trust, Brighton and Sussex University Hospitals, working with them to improve their financial controls and to develop more robust cost improvement planning.

Jamie focuses in particular on building constructive relationships with his clients, to support them to achieve the highest standards in financial management and financial reporting. His recent secondment to an NHS Trust gave him a deeper insight into the realities of working in a financially challenged organisation.

Clients Jamie has worked with include St George's University Hospitals NHS Foundation Trust; Brighton and Sussex University Hospitals NHS Trust; East Sussex Healthcare NHS Trust; Lewisham and Greenwich NHS Trust; Surrey Downs CCG and Lewisham CCG.

Thomas Slaughter, ACA – Engagement Assistant-Manager



Tom is a qualified, experienced auditor working across a number of public sector audits as an assistant manager. Tom supports our internal technical team and has worked on a range of advisory projects.

Tom has a keen interest in supporting the public sector and in contributing to the success of his clients by adding value to them

4.1.2 Please provide a draft Audit Plan against the information supplied by the Contracting Authority.

We have attached below our proposed Audit Plan, which sets out our proposed strategy for the accounts audit and value for money conclusion work.



St George's
University Hospitals N

4.1.3 Please provide details of the training programme you will offer and any areas of innovation where as a provider you could add value to the Contracting Authority.

Grant Thornton's core purpose is to help shape a vibrant economy. Our vision is of a UK that is collaborative, open, trusted, connected and prosperous. We are committed to creating an environment where people and businesses can flourish. Key to achieving this vision is supporting the public sector, helping to deliver sustainable public services and ensuring that the public has trust in our public institutions. This commitment to the public sector means that we will continue to offer a training programme and audit approach that adds value to your organisation.

Discussing key developments, sharing insight and perspectives as well as best practice is critical in supporting you and the wider NHS sector. We are best placed to share these wider insights as the largest external audit supplier to the NHS and Local Government. We facilitate a number of free events and use a number of channels to disseminate this information to you:

Our NHS technical accounting specialists deliver a workshop for NHS finance officers to highlight changes to accounting or statutory requirements and potential risk areas for those who prepare the financial statements. These workshops, which members of the Trust have attended previously, provide the opportunity for discussion with auditors and peers on these changes and issues, prior to your finance team beginning the accounts production process.

We also deliver an NHS annual report workshop which highlights changes to the annual report requirements and key issues we have observed during the course of our audit work, usually attended by the Trust Secretary. This is also supported by a benchmarking review of your own annual report against the other NHS organisations in the country.

In addition to these workshops and events, we engage in open and frequent dialogue with Trust employees to ensure that all financial reporting updates and requirements are communicated to you in a timely manner. Our attendance at all of the relevant national groups, such as the ICAEW's Audit Insights Group and HFMA's Technical Financial Reporting Group, ensures that we are involved in discussing and agreeing upon the requirements for emerging issues, leaving us well placed to

disseminate this information to you. We do so in a number of ways: through Audit Committee updates, with regular meetings with your Chief Finance Officer and through liaison meetings with members of the Council of Governors.

We also produce national reports on topical issues, such as NHS Financial Resilience and Governance and our report on NHS Commercial Structures. These reports provide insight, case studies, considerations for local action and are often supported by local events such as workshops, locally tailored reports or roundtable discussions. An example of our latest report on NHS commercial Structures is included within our response, and can also be accessed at <http://www.grantthornton.co.uk/insights/nhs-companies-an-enterprising-approach-to-health/>. This was published following a round table which we set up to consider the benefits and issues surrounding NHS companies. We will continue to produce these reports as part of our ongoing commitment to the NHS and the value that these bring to the wider debate on the future of the NHS.

Our audit approach is designed to be lean and efficient, freeing up your finance team to add value across the Trust. However, we recognise that delays have occurred in previous audits, particularly in 2015/16. Demonstrating our collaborative approach, we have responded to these challenges by delivering training sessions to Trust staff to give a clearer understanding around the audit and accounts closedown process. This training session, delivered to the Trust finance team in March 2017, allowed our audit team to share best practice in relation to producing working papers and equipped the Trust's finance team with a better understanding of what constitutes sufficient and appropriate audit evidence. We are committed to building on the progress that has been made in this area and will offer the provision of similar training going forward.

A further way that we seek to add value to the Trust is through identifying process improvements through the delivery of our core audit services. Our 'no surprises' approach means that control deficiencies identified during the audit are brought to the attention of management and those charged with governance. Our 2016/17 Audit Findings Report included an action plan with 16 recommendations, responding to deficiencies in the Trust's control environment. All recommendations were agreed in advance of the audit completion. We will continue to add value to the Trust by identifying areas for process improvement through our audit approach.

- 4.1.4** Please provide details on how you will manage a transfer of knowledge during any handover phase to a new incoming provider. Setting out what this means in tangible terms to the Contracting Authority in respect of the availability and access to information which has been generated through audit work commissioned (e.g. through delivery of the External Audit Services carried out by your organisation) but which is pertinent to the Contracting Authority and its ongoing organisational intelligence.

Any change of auditor brings risk of a lack of continuity in service and potential misunderstanding of a refreshed approach. As your existing auditor, we can guarantee a smooth transition from the old contract to new, ensuring continuity of relationships and eliminating any disruption for your team. Paul Dossett, Jamie Bewick and Tom Slaughter will continue as your Engagement Lead, Senior

Audit Manager and Assistant Audit Manager. Stuart Armstrong, who has joined the audit team as the In-Charge Accountant for the 2017/18 will also continue in his role. Whilst our relationship with you has been a strong one, we are determined to make the first year of the new contract an even more positive experience. Our priorities in the first three months of the new contract will be to:

- meet the Chief Finance Officer and the senior finance team to hold a dialogue on strategic and operational issues and their impact on our Audit Plan
- meet the finance team to discuss the timing of the audit visits, including review of key financial systems, any accounting issues, and preferred ways of working
- meet other key management, including Board members and Governors to discuss the wider governance and quality report issues facing you (for example non-reporting of RTT)
- meet internal audit to discuss their Audit Plan and opportunities for joint working
- update our outline Audit Plan in light of these discussions and agree it with the Chief Finance Officer and Audit Committee.

In the event that we are not reappointed as your external auditors we will work actively and closely with you to ensure a smooth transition to your new auditors, drawing on our extensive experience of effective handover at other clients and compliance with the requirements of auditing standards in terms of access to audit files for an incoming auditor.

4.2 Conflicts

4.2.1 Please confirm the lack of, or potential for, any Conflict of Interest; specifically, relationships with the Directors and/or staff of the Contracting Authority.

Where conflicts do or may exist please provide details of the arrangements you have or will have in place to deal with the Conflicts of Interest.

We know that you want us to be objective and independent. This is important to us too and we confirm that we have no conflicts of interest in being appointed as your auditor.

We comply fully with all ethical and independence standards set by the FRC and the ICAEW. All our staff complete mandatory declarations on independence and confirm their compliance with our firm's policies and procedures annually.

We take our independence and any potential conflicts of interest seriously. We comply fully with all ethical and independence standards set by the Financial Reporting Council (FRC) and the Institute of Chartered Accountants in England and Wales (ICAEW). All our staff receive guidance and must complete mandatory declarations on their independence and confirm compliance with firm policies and procedures annually.

All our staff receive annual training on money laundering, ethical standards and risk and compliance

and need to complete an online test of their understanding. Our electronic audit programme requires each member of the audit team each year to confirm their independence in relation to the audit before they can add any audit work to the file.

We confirm the independence of our audit team to your Audit Committee each year in both our Audit Plan and our Audit Findings Report. If there are any potential threats to our independence, we will only continue with the audit if we can demonstrate to you that we have put appropriate safeguards in place.

We appreciate that this is a tender for external audit and not additional advisory services, however, we know that from time to time you may seek additional support to either make the most of an opportunity or to resolve a challenge which goes beyond our audit proposition. Should you consider us best placed and request us to undertake such services for you, we will only do so where we can demonstrate that there is no actual or perceived conflict to our independence. We have an internal ethics team that are part of our National Assurance Service and we will seek their guidance and approval for any such work.

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We appreciate that this is a tender for external audit and not additional advisory services, however, we know that from time to time you may seek additional support to either make the most of an opportunity or to resolve a challenge which goes beyond our audit proposition. Should you consider us best placed and request us to undertake such services for you, we will only do so where we can demonstrate that there is no actual or perceived conflict to our independence. We have an internal ethics team that are part of our National Assurance Service and we will seek their guidance and approval for any such work.

4.3 Risks

4.3.1 From the information provided by the Contracting Authority please detail any risks you have identified in relation to delivering the Services and how you will migrate the risks identified.

With experience of delivering high quality audits to the Trust, independently verified through the ICAEW's QAD reviews, we are confident that we can continue to deliver the service throughout the length of the contract. However, with sound governance and risk management at the heart of Grant Thornton's audit approach, we have drawn on our experience of auditing the Trust and being the largest auditor to the NHS and local government to identify a series of risks pertinent to the delivery of this service. A description of each risk and our approach to mitigating the risk is included below:

Description of risk	How we will mitigate the risk
Risk that we have insufficient capacity to deliver the contract	<p>Fully mitigated - Our team has the right skills and commitment to deliver a high quality audit that adds real value to your organisation. We fully comply with the requirements of the ethical standards regarding the rotation of auditors, which are 5-7 years for Partners and Directors and up to 10 years for Managers.</p> <p>We do recognise that occasionally team members can move on. With a large pool of skilled and developing specialists in public sector audit available to us, including over 30 public sector leads who are accredited by the Financial Reporting Council to sign NHS audit reports as Key Audit Partners, and over 300 public sector specialists, we will ensure that succession planning for the team is robust. Where a change is required, we will inform you at an early stage, have a succession plan in place and carry out all necessary handover and continuity</p>

	arrangements.
<p>Risk that we have insufficient understanding of the organisation and its environment</p>	<p>Fully mitigated – Our history of working closely with the Trust as your auditors means we have a detailed understanding of the organisation and the environment that you operate in. We will continue to refresh our understanding of your organisation throughout the contract through meetings with management across the Trust, with members of the Audit Committee and through meetings with the Governing Body.</p> <p>As the auditor also of St George's University, and of a number of the Trust's main commissioners, we have an unrivalled knowledge of your operating environment and your local health economy.</p> <p>Our experience of working with other large FTs and Trusts providing community healthcare services, as you provide for the Wandsworth locality, means that we are well placed to share sector insights with you.</p> <p>We will continue to utilise these insights to ensure that our audit risks focus on the areas of greatest relevance to you.</p>
<p>Risk that we do not comply with relevant Ethical Standards</p>	<p>Fully mitigated – As set out in 4.2.1 and 4.4.1, we have robust arrangements in place to ensure our compliance with relevant ethical standards and quality regulations. We ensure we comply with the requirements of the NAO Code of Audit Practice requirements on integrity, objectivity and independence and all ethical and independence standards set by the FRC and the ICAEW</p>
<p>Risk that the audit team is unable to obtain sufficient and appropriate audit evidence in a timely manner to enable the audit to be in completed in advance of the statutory deadline</p>	<p>Partially mitigated – Our 2015/16 Audit Findings Report highlighted significant weaknesses in the quality of the working papers supporting the financial statements and around the level of expertise possessed by the Trust's finance team in respect of financial accounting.</p> <p>Following this, the audit team worked closely with the Trust to identify areas of improvement and to share best practice in relation to accounts production and the recording and retention of audit evidence. This included</p>

the provision of working paper training in March 2017.

Whilst the Trust did make progress in this area in 2016/17, a number of control deficiencies and delays remained. Therefore, recognising that this risk area is only partially mitigated, the audit team will work closely with the Trust to ensure that the finance team have the capacity and capability to undertake their role.

4.3.2 Please outline the audit risks to be included in your first year audit plan (see 4.1.2) and your audit approach.

Please see pages 6 to 10 of our Audit Plan attached at section 4.1.2 for a summary of the audit risks identified and proposed audit approach in relation to the audit of your financial statements.

Please see page 13 of our Audit Plan attached at section 4.1.2 for a summary of the audit risks identified and proposed audit approach in relation to the Value for Money audit.

These risks would be finalised following the completion of our audit risk assessment and through discussion with your senior finance officers and considering the results of the 2017/18 audit.

4.4 Quality Assurance

4.4.1 Please provide details of your overall approach to quality assurance for this Service, identifying the steps you will take if resolution with the Contracting Authority cannot be made based purely on paperwork available.

Please identify when/where inconsistencies are identified how the Contracting Authority can act on lessons learned to negate similar occurrences.

Our quality and ethical standards are important to us and we know they are also to you as you rely on our work. We are proud of our excellent reputation and take steps at both a firm-wide and individual audit level to ensure we achieve and maintain the standards required.

Firm-wide arrangement

We are focused on ensuring that our audit software and manuals, training and technical guidance are of the highest standard. Our National Assurance Service (NAS) responds proactively to the latest technical developments and issues in the profession by providing training on auditing, financial reporting and ethics. NAS also supports local teams on complex technical queries including financial reporting and accounting issues, going concern assessments, and modified opinions. Your audit

assistant-manager Tom supports our technical team in their work.

NAS includes a public sector Head of Audit Quality, who provides guidance and oversees the application of best practice on the application of auditing standards in a public sector context. There is also a Public Sector Technical Lead whose focus is entirely on public sector work and is a member of Department of Health and ICAEW working groups.

All our audit staff undergo annual training on International Standards on Auditing including e-learning modules with mandatory tests of understanding. All staff working on your audit are public sector specialists and as such also receive regular training on accounting for NHS and foundation trusts as well as updates on wider developments within the NHS.

All our staff have a personal objective for audit quality and have two formal performance reviews a year, as well as monthly one to one meetings with their people manager and have personal development plans in place.

Your audit

Our investment in our people means that we are able to provide you with experienced, accredited public sector specialists through every level of your audit team. We are the largest employer of public sector trainees and since 2015 our trainees have been studying for the combined CIPFA/ICAS qualification, providing both a public sector and commercial auditing and accounting qualification.

Our investment in their training and development mean that our people have a strong sense of purpose, combined with the technical expertise to support you.

To ensure that our work meets professional standards, all files for your audit are reviewed and signed off by both the Manager, Jamie, and the Engagement Partner, Paul. Paul focuses on key areas of risk and critical judgements exercised during the audit. Should any particularly complex, sensitive or unusual issues arise during the audit, such as for example a potential qualification issue in respect of Value for Money, the team will consult with a national panel of public sector Partners and staff.

For our largest and most complex audits, which includes St. George's, we also appoint a review partner to support the Engagement Partner. Your review partner provides a 'second pair of eyes' on the quality of our work as well as a further level of challenge on the key risk areas to our audit opinion.

Quality monitoring

We believe that file reviews are a vital means of ensuring high quality work. NAS leads a review of at least one completed audit file for each Engagement Partner every three years. Reviews include a detailed inspection of the audit file and the documentation underpinning the audit opinion. Findings are reported to the Engagement Partner with recommendations for improvement where needed. The feedback from all these reviews are collated and shared with all Engagement Partners to ensure that we gain the benefit of any learning across the team. Paul Dossett scored 4 out of 5 on his most recent assessment

The ICAEW's Quality Audit Department (QAD) reviews a sample of our Foundation Trust audits each

year. The 2015/16 audit of St George's University Hospitals NHS Foundation Trust was subject to a QAD review. As per the attachment below, there were no issues identified following this review.



STGEORGES - QAD closing letter (auditor).pdf



STGEORGES - QAD closing letter (trust).pdf

4.4.2 Please also detail how you will work to ensure that the Audit committee has a robust independent point of view on audit quality for their organisation.

Working with your Audit Committee

As part of our on-going audit planning we will continue to meet with the Chair of your Audit Committee outside of the meeting cycle to gain their insight and inform our strategy. Paul and Jamie will continue to attend all Audit Committee meetings, including pre-meetings for private discussions, to present our reports and to contribute to discussions on other agenda items, bringing insight from elsewhere in the local and national health and social care economies.

In addition to the scheduled formal reports, we will continue to report audit progress and developing issues to each Committee meeting. These progress reports provide the Audit Committee with assurance that we are delivering the audit in line with our planned timescales and also brief members on developing issues affecting the Trust and wider health sector. The reports also highlight our recent thought leadership publications which we will routinely share with Committee members.

At the end of each year we will continue to provide the Audit Committee with a value statement which reports our performance against agreed performance indicators. This provides a self-assessment of our performance during the year, including compliance with quality standards. The Audit Committee can use this as a basis for discussion on the effectiveness of external audit and it provides an opportunity for Audit Committee members to feedback on their views on our services so that we can make any improvements.

We will also continue to share the results of quality reviews with the Committee. We see these as key documents for any Committee looking to gain independent assurance over the audit quality for their organisation. Following the successful QAD review of the St George's audit in 2015/16, we shared the findings with the Trust's management team and the Audit Committee. We will continue to do this following any future reviews.

As part of the audit fee, we can also provide briefing sessions to the Committee on subjects of interest and contribute to the Committee's annual self-assessment. Our strong working relationships with the Committee and finance team create an environment where we can offer frank and robust opinions

and advise where action is needed. Outside of the formal Committee, we will continue to make ourselves available to meet or hold conversations with the Chair of the Committee on any issues, concerns or areas of interest that they might have. In addition, where there is a particular issue that we consider it appropriate to brief, or make the Chair aware of, we will continue to contact them directly.

4.5 Reporting

4.5.1 Please provide in relation to delivering the External Audit Services details of your approach to reporting, including frequency and a draft report and how you will monitor and report to the Contracting Authority.

Through our 'no surprises' approach we will discuss developing findings and recommendations with appropriate Trust staff during the audit to ensure early resolution of issues before the formal reporting stage.

Our approach to reporting is to provide you with timely and relevant reports that summarise the findings and conclusions from our work in an easy to understand style, whilst adding value by providing wider insight and commentary on issues that may affect the Trust from across the NHS and wider public sector.

There are a variety of reports that we issue to the Trust each year, all follow the same internal quality arrangements to ensure that they are accurate and present information using terminology that is appropriate for the intended audience. Their format has been developed nationally, to maintain a consistent quality and reflect the findings from our regulators.

We will produce draft reports within a week of fieldwork completion or sooner to meet your timetable. These will include:

- Audit Plan – proposed strategy for the accounts audit and value for money, findings from our interim visit (a template audit plan has been provided in 4.1.2)
- Audit Findings Report - summarises main matters arising from the financial statements audit and use of resources work (the 2016/17 audit findings report for the Trust has been provided in 4.5.2)
- Statutory report and opinion on the accounts, including consistency statements
- a limited assurance report on the Quality Report, including a report to Governors (the 2016/17 Report to the Governors on the Quality Report has been provided)
- Regular Audit Committee progress reports including summaries of emerging issues and national reports (an example report provided to Audit Committee has been provided)

All of our reports are discussed with management before being issued for release to the Audit Committee. Typically, this will be through the CFO, but where it is more appropriate for reports to be seen, reviewed and authorised by other Directors or members of the Trust team, then we ensure that

we do this in a timely way. Our formal reports, such as the audit opinion, may also be reviewed by our national technical team, particularly if there are any deviations from the standard 'unqualified' wording, ensuring that the opinion is appropriate and meets auditing standards.

We can confirm that our reports cover all of the statutory and other mandatory requirements of the external audit service as well as satisfying any specific local requirements.

Further detail of some of the reports that you can expect to receive is set out below:

The Audit Plan – this sets out the current issues within the wider NHS as they impact on your Trust as well as our understanding of the particular issues and emerging developments at the Trust. The plan then highlights the specific risks for our audit of the financial statements, our planned materiality level and our VfM work. It also summarises the results of our planning and interim audit work, including the follow up of prior years' recommendations. This report will be presented to the Audit Committee before the end of the financial year being audited.

The Audit Findings Report – this summarises the outcomes from our review of your financial statements and our VfM work. We have detailed what you can continue to expect from this report in 4.5.2 below.

The Auditor's Report, Opinion and Certificate – this sets out our overall opinion on the financial statements, VfM and other matters that we are required to report on, including the AGS and Remuneration Report.

We will provide you with an opinion on whether we are satisfied that:

- the accounts present a true and fair view, and comply with the requirements of the enactments that apply to them (Section 21(3)(a) Local Audit and Accountability Act 2014)
- proper practices have been observed in the preparation of the accounts (Section 21(3)(b) Local Audit and Accountability Act 2014)
- the Trust has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources (Section 21(3)(c) Local Audit and Accountability Act 2014)

We will certify completion of the audit and we will include in our reporting whether we have had cause to enact any of the other statutory requirements such as a referral to the Secretary of State or a report in the public interest.



St George's
University Hospitals F

The Annual Audit Letter – sets out a summary of all of the work that we have completed for the

Trust during the year and confirms the final fee charged.



St George's
University Hospitals N

Report on the Quality Report – This provides the conclusion from our Quality Report audit and highlight areas of strength and areas for improvement in the Quality Report, underlying systems and data quality.



Governors Report on
Quality Report 2016-1

Audit Committee Update reports – these provide a regular summary of the status of our work against our Audit Plan, highlights current accounting developments that the Trust should be aware of and other areas of interest such as national reports and emerging issues for the benefit of Audit Committee members.



Audit Committee
update - St George's

Key Financial Indicators Review – this report benchmarks the Trust's key financial indicators with the current 155 foundation trust accounts for the period ending 31 March 2017, including 101 acute and 6 community foundation trusts. The purpose is to enable the Trust to compare its performance with other foundation trusts and identify areas for further investigation.



KPIs St Georges
University Hospitals N

Ensuring consultation and liaison

To guarantee that there will be no surprises from our audit findings all of our reports will be discussed with appropriate management at the Trust before being issued to the Audit Committee. We will share drafts of our reports with you five working days before the meeting scheduled to discuss the draft report to enable you sufficient time for review and consideration of the report.

We will always meet with you to discuss draft reports, or as a minimum discuss these over the phone or other electronic means, to ensure that the reports are appropriate. We would then provide these in

advance of the pre-agreed papers deadline for the relevant meeting.

Where there are contentious or difficult issues within the report we will also consider the need to discuss these with the Audit Committee Chair, Chief Executive, or Governors before reporting. This will ensure that all key stakeholders in the Trust can input into difficult areas before any final conclusions are reached.

Follow up of audit reports

In instances where matters arise and/or recommendations are made, such findings will be followed up as part of our ongoing work with the Trust and progress made against the matters and recommendations reported to the Audit Committee.

National reports and insight

We also produce national reports on topical issues, such as NHS Financial Resilience and Governance and our report on NHS Commercial Structures. These reports provide insight, case studies, considerations for local action and are often supported by local events such as workshops, locally tailored reports or roundtable discussions.

We will continue to produce these reports as part of our ongoing commitment to the NHS and the value that these bring to the wider debate on the future of the NHS

4.5.2 Please provide details of the Audit Highlights Memorandum content that the Contracting Authority will receive under ISA260 Report.

This document summarises the outcomes from our review of your financial statements and our VfM work. It sets out any amendments we have asked management to process to the draft accounts and those errors and adjustments which have not been processed. It includes practical recommendations to improve your control environment or financial and accounting processes as well as any areas where, from our assessment of your VfM, we consider that the Trust should improve its arrangements.

It also includes our proposed auditor's report and opinion. This also confirms our independence and sets out the fees charged, both for the statutory audit as well as any additional fees that may have been agreed and charged for other work.

This report will be presented to the Audit Committee in May following the conclusion of the final accounts audit, as well as to the Council of Governors, should you wish, in order to meet the statutory deadline.

For reference, please see attached the ISA260 report submitted to the Trust following the completion

of the 2016/17 external audit of the Trust:



St George's
University Hospitals N

4.6 Liaison with Other Auditors and or External Bodies as may be applicable

Please demonstrate how you intend to work with other auditors and external bodies and how the Contracting Authority staff will be kept up to date and informed. Describing how you will work to maximise the total resources available and avoid any unnecessary duplication of work e.g. taking into account internal audit outputs in order to reduce duplication of effort which in turn will have a positive impact on the costs associated with delivering these External Audit Services.

As part of the audit we will work alongside Internal Audit, which is a key relationship for us. Our approach to liaising with Internal Audit is to:

- build a constructive and effective relationship
- identify areas of efficiency, sharing our respective methodologies to understand the conclusions we have reached
- go beyond the traditional relationship and collaborate on wider benefits to the sector.

We have worked with your internal auditors, TIAA, at St George's and elsewhere for a number of years, developing a deep and broad relationship. The strength of our mutual understanding guarantees we work effectively together. This enables us both to secure efficiencies in our work programmes minimising duplication. We see our relationship with TIAA as a key one. Every year, we will discuss our proposed audit planning arrangements with each other to ensure we provide the strongest and most efficient use of audit resource for you as our mutual client.

International Standards on Auditing prevent us directing the work of Internal Audit for our accounts audit, however, we will consider the findings from their work on your financial systems when identifying the risks and determining our Audit Plan.

As part of the audit we will review the work of Internal Audit and provide assurance to you that the internal audit function is meeting internal auditing standards. We also consider whether it has appropriate coverage, capability and scope. This involves a detailed review of Internal Audit's findings and a review of arrangements on an annual basis. We also provide:

- an independent and constructive challenge to the Internal Audit Plan
- independent assessment of Internal Audit's performance

Our effective working relationship has removed duplication of testing, and ensured that significant

parts of the audit work have been brought forward, reducing the pressure on the finance team. For example, over the last four years we have worked closely with TIAA to undertake the audit of the Trust's Quality Report indicator testing. This enabled us to complete our audit of the Quality Report in an efficient manner, reducing our overall fee for the work.

4.7 Audit Fees

Fees and pricing are expected to be fixed for 4 years and must be within the upper limit as identified for the Framework.

Please detail your expectation, after 2 years of delivering the External Audit Services at the initial fixed fee, of any decrease or increase that would apply to any extensions entered into under this call-off contract if awarded.

Bidders are reminded that submitted day rate values for this ITT, may be lower than your tender bid submission, but they cannot be higher than those submitted for the Framework and relevant against this mini competition.

Please ensure you are compliant with the overarching Audit Services Framework contract.

Framework Extract:

Contract Schedule 6

Framework Pricing / Costs and Inflationary Increases

Tenderers will have no automatic right to a price increase throughout the period of the Framework Agreement. The Authority is unable to accept blanket inflationary price increases.

Prices for Day Rates are to be considered the upper limit of costs that can be applied under the Framework. Where mini competition is carried out Bidders may offer lower pricing in accordance or commensurate with the work and risk associated with providing audit services to the Participating Authorities.

Please complete the response box below identifying if there are any advantages in renewing the contract for the total number of years on price payable.

Please confirm your expectation on renewal of audit services whether continuing with a lower renewal price, the initial fixed rates, or if you will need to apply an increase.

Any increase to pricing initially offered under this ITT must be in line with any Government direction in regards to cost pressures against the NHS, and may not in any case be at odds with your submitted framework pricing.

On Renewal of Audit services:

We would be willing to hold the price were the 2 year extension confirmed prior to the end of the first

three years. Taking in to account inflationary pressures this would represent a reduction in real terms.

Given the current economic uncertainty we feel this offer would represent good value for money and give your some certainty over your audit costs.

Please confirm your fees in the table below at 4.8 Cost Proposal for providing the Contracting Authority's services as detailed in this ITT

4.8 Cost Proposal

An all inclusive fee for carrying out the External Audit Services is identified below. This cost includes the fee for the audit of the Quality Reprt, which is priced at £8,000 per annum:

Skill Mix	Qualified: Q Part Qualified: PQ Non-Qualified: NQ	Number of Audit Days	Daily Rate (Ex VAT)	Annual Cost (Ex VAT)
Trainee	PQ	30	£200	£6,000
Junior Consultant	Q	30	£400	£12,000
Consultant	Q	30	£500	£15,000
Senior Consultant	Q	21	£500	£10,500
Principal Consultant	Q	6	£600	£3,600
Managing Consultant	Q	18	£800	£14,400
Director /Partner	Q	15	£1000	£15,000
			Net	£76,500
			VAT	£15,300
			Gross	£91,800

NOTE TO CONTRACTING AUTHORITY;
PLEASE DO NOT AMEND THE SKILL MIX/GRADE OF STAFF IDENTIFIED ABOVE.



Audit Services Staff
 Grades.doc

NOTE TO PROVIDERS:

YOU MUST COMPLETE THE TABLE WITH YOUR SUBMITTED DAY RATE VALUES, WHICH CANNOT BE HIGHER THAN THOSE SUBMITTED FOR THE FRAMEWORK AND RELEVANT AGAINST THIS MINI COMPETITION. PLEASE COMPLETE THE TABLE USING THE GRADE OF STAFF AS IDENTIFIED ABOVE AND NOT GRADING USED WITHIN YOUR ORGANISATION

4.8.1 Total Contract Price for 4 years ending 31.03.22 (ex VAT)

1 st April 2018 – 31 st March 2019	£76,500
1 st April 2019 – 31 st March 2020	£76,500
1 st April 2020 – 31 st March 2021 reflecting inflationary uplift and higher skills mix through progression of audit team	£78,000
1 st April 2021 – 31 st March 2022 reflecting inflationary uplift and higher skills mix through progression of audit team	£78,000

Total Number of Audit Days for 4 years ending 31.03.22 (ex VAT)

1 st April 2018 – 31 st March 2019	Days	150
1 st April 2019 – 31 st March 2020	Days	150
1 st April 2020 – 31 st March 2021	Days	150
1 st April 2021 – 31 st March 2022	Days	150

Total Contract Price if the Contracting Authority decides to take up the option to extend for a further 2 years:

1 st April 2022 – 31 st March 2023	Year 1 of Extension	£78,000
1 st April 2023 – 31 st March 2024	Year 2 of Extension	£78,000

Total Number of Audit Days if the Contracting Authority decides to take up the option to extend for a further 2 year(s) bringing the total life of the contract awarded under the Framework to four (6) years.

1 st April 2022 – 31 st March 2023 Extension	Year 1 of 2	Days	150
1 st April 2023 – 31 st March 2024 Extension	Year 2 of 2	Days	150

4.8.2 Rates for Ad Hoc Work

Skill Mix	Qualified Part Qualified Non-Qualified	Daily Rate (Ex VAT)
Trainee	PQ	£200
Junior Consultant	Q	£400
Consultant	Q	£500
Senior Consultant	Q	£500
Principal Consultant	Q	£600
Managing Consultant	Q	£800

Director /Partner	Q	£1000
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An audit day is ordinarily taken to be a period of 7.5 hours (excluding travel time and any breaks to be taken).

**NOTE TO CONTRACTING AUTHORITY;
PLEASE DO NOT AMEND THE SKILL MIX/GRADE OF STAFF IDENTIFIED ABOVE.**

4.9 Additional requirements of the Contracting Authority

Appendix A

Key Performance Indicators

Bidders to complete this as part of their ITT return identifying the measures/frequency they will apply to the Contracting Authority



Sample KPIs.pdf

Appendix B

Evaluation Criteria

St George's University Hospitals NHS Foundation Trust suggested evaluation criteria drawn using the 'Guidance on the Local Procurement of External Auditors for NHS Trusts and CCGs' (a DH publication).

The evaluation criteria::

Methodology (Quality) – 15%

Understanding of the requirement – 15%

Approach (Quality) – 15%

Approach to design and delivery including VfM – 15%

Technical Resources, Organisation, Capability and Experience (Quality) – 30%

Quality assurance and measuring outcomes – 30%

Commercial – 40%

Cost and Competiveness - Service Price

Supplier Presentation -

(The top 4 highest scoring suppliers will be invited back to provide to present a final clarification of their bid)

Appendix C

Audit Phases

Proposed Audit Timetable for St George's University Hospitals NHS Foundation Trust

Audit Phases		2018 / 2019	
		Date	No of Days
1	Planning		
1.2	Meeting with key management to identify audit risks/judgements		5
1.3	Update understanding of entity and its control environment		20
1.4	Agree client prepared schedules and account and audit timetables		5
1.5	Agree significant risk areas for Value for Money conclusion		5
1.6	Drafting of Audit plan and presentation to management and Audit Committee		5
	Sub Total		40
2	Interim		
2.1	Review of key judgements and estimates		3
2.2	Early substantive testing of M01-09 balances		20
2.3	Early work on Value for Money conclusion		10
2.4	Issue Progress Report to management and Audit Committee		2
	Sub Total		35
3.	Final Accounts		
3.1	Completion of substantive testing on M10-12 and full year balances		27
3.2	Completion of Value for Money Testing		5
3.3	Completion of testing on Quality Report		20

3.4	Review of summarisation schedules		2
3.5	Completion of Agreement of Balances exercise		3
	Sub Total		57
4.	Completion		
4.1	'Hot Review of Draft Financial Statements		3
4.2	Final review of audit file		4
4.3	Draft and consult with management and those charged with governance on our Audit Findings Report		4
4.4	Finalise approval and signing of financial statements		4
4.5	Issuing of enhanced auditors report, report on summarisation schedules, submission of WGA statement and certification of closure of audit		3
	Sub Total		18

Under this section the Bidder should highlight, where possible, the components required for the 2017/18 audit, the number of days at the appropriate staffing grade and provide an outline as to the timing of when each activity will take place.

Appendix D

Organisational Information

Financial and other information pertaining to the Contracting Authority

The following information is being provided to assist Providers in ascertaining the level of complexity and risk they believe applies to our organisation for the purposes of carrying out the mini competition to help identify the contract value and number of audit days.

Please follow the link below for a view of St George's University Hospitals NHS Foundation Trust report and accounts for 2016/17

https://www.stgeorges.nhs.uk/wp-content/uploads/2017/07/St-George27s-Hospitals-NHS-Foundation-Trust-Annual-Report-and-Accounts-2016_17-FINAL.pdf

Business Planning 2018/19

Council of Governors meeting

6 December 2017

Andrew Grimshaw, CFO

The Planning Requirement

- Each year the trust has to submit an annual plan to regulators
- Plan is both financial and narrative, focussing on 18/19 but also looking at some aspects of future years e.g. income assumptions
- Narrative plan – key clinical and operational intentions of the trust, including constitutional standard performance, transformation and other improvement plans
- Financial plan – the activity the trust expects to deliver, the income that will bring in, the expenditure required to deliver it, and the CIP savings the gap between income and expenditure will require
- The trust is working on the assumption that final plans will need to be ready for approval by the Trust board before the end of March 2018.
- Trust has a duty to consult and have regard to Governor views about the content of the plan. The Governors should seek opinions of members of the public or body they represent.

Where are we now?

- Some of the building blocks in place, for example the Trust Quality Improvement Plan and Staff Engagement Plan, and others will be produced over the coming months e.g. the Workforce Plan and Financial Plan (including capital)
- Planning work underway in the trust, and this will inform submission, for example:
 - the first round of SLA activity meetings held with all GMs to ascertain expected clinical activity by specialty and POD completed
 - bottom up budgets are being built for all cost centres
 - Divisions asked to identify service development aspirations for review
- Further work is planned to inform the trust plan for next year, for example the Care Group's will need to complete their own plan for next year which both allows the trust to monitor their performance and also allows the trust to build a holistic picture of all the activity underway across the organisation

The requirements of the NHSI Plan

- Detailed planning guidance has yet to be issued by NHSI/NHSE – until this is made available some assumptions and timelines are uncertain. Guidance is expected before the end of December.
- In lieu of this guidance, the trust is using last years – we do not anticipate huge change between the two documents
- NHSI very prescriptive about content of plan and length of it and should cover the areas listed, in 20 pages

The NHSI narrative plan

- Last years structure for the plan was as follows – 18/19's likely to follow same structure

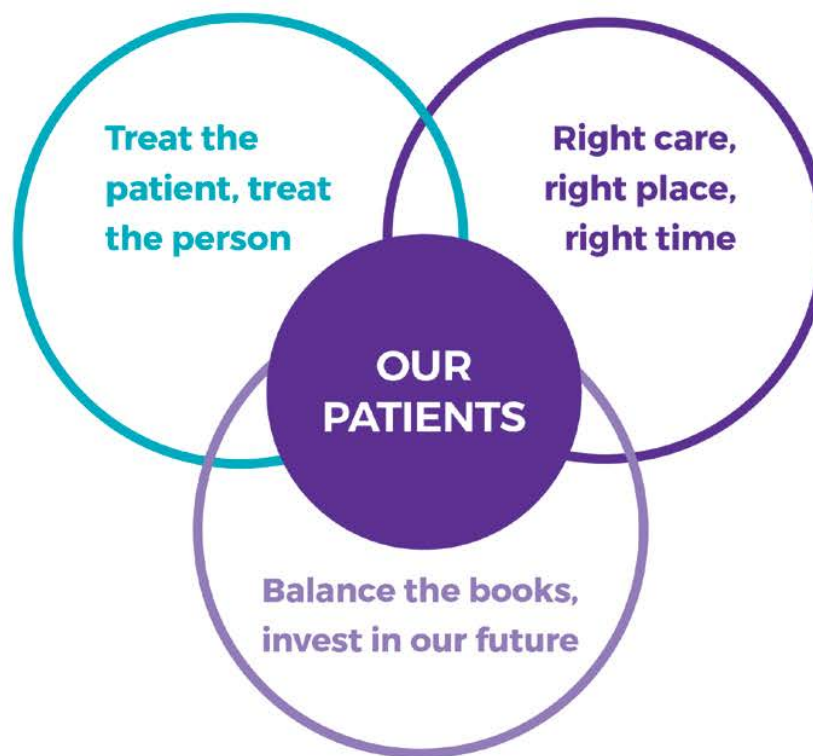
Section	To cover the following:
Activity Planning	Activity plan, triangulated with commissioners, supported by Demand & Capacity modelling, with agreed activity assumptions, which the trust has sufficient capacity to deliver. Finally, the plans need to show how they deliver all operational standards
Workforce Planning	Including description of workforce strategy, planning methodology, well aligned with the activity and financial plans of the trust. Detail also required on workforce efficiency and productivity programmes and associated CIPs.
Quality Planning	<ul style="list-style-type: none"> ■ Approach to quality governance and improvement – to include <i>“a description of the organisation wide improvement approach to achieving a good or outstanding CQC rating”</i>. ■ Summary of quality impact assessment process ■ Summary of triangulation of quality with workforce and finance
Financial Planning	Stretching plans from providers are required that do the following: <ul style="list-style-type: none"> ■ Meet the control total ■ Clearly show how they are internally consistent with other aspects of the plan e.g. quality or activity ■ Two year financial projections based on robust modelling, clearly explaining how control totals will be delivered. ■ Particular focus requested on the performance against the Single Oversight Framework finance metrics ■ CIP savings plans, with particular reference to delivery of Carter related savings ■ How the trust will meet its agency ceiling ■ Capital planning
Link to the local STP	The plan needs to reflect at a trust level the implementation of the vision and detail, where known, of the local STP, and how the 3 -5 critical transformation programmes impact on our own operational plan

The Foundation for the 18/19 plan - the new Trust Objectives

- Trust going through significant change
- New trust objectives being developed that will inform the annual plan
- Need to link the Care Group Plans, the Annual Plan and the new objectives together
- New objectives are:
 - Treat the patient, treat the person
 - Right care, right place, right time
 - Balance the books, invest in our future
 - Build a better St. George's
 - Champion Team St. George's
 - Develop tomorrow's treatments today

OUR VISION: OUTSTANDING CARE, EVERY TIME | 2017-19

CHAMPION TEAM ST GEORGE'S



DEVELOP TOMORROW'S TREATMENTS TODAY

BUILD A BETTER ST GEORGE'S

Timeline to deliver the plan

Forum	Purpose	Nov	Dec	Jan	Feb	Mar
Trust Board Part 1	To approve Business Plan and Budget					Approve Plan
Trust Board Part 2	To review progress in the development of the Business Plan and the Budget	Standing agenda item	Standing agenda item	Standing agenda item	Standing agenda item	Standing agenda item
Council of Governors	Provide an opportunity to canvass members opinions about the Plan and feedback this to the Board of Directors for consideration prior to finalising the Plan		Initial presentation to Council		Review of Plans and underlying assumptions	Provide feedback to the Governors on final plan
Finance Committee	To review progress and seek assurance on assumptions and deliverables	Monthly	Monthly	Monthly	Monthly	Monthly
Trust Board Seminar	To provide opportunity for the Board to review the planning assumptions and to be kept informed of progress.		To review and test assumptions		To review and test assumptions	
EMT	To review progress and resolve issues where possible.	Review and challenge	Review and challenge	Review and challenge	Review and challenge	Approve for recommendation to Board
Financial Recovery Board	To provide a regular review point for consideration of the plan and in particular transformation and efficiency actions.	2 per month	2 per month	2 per month	2 per month	2 per month
Run Rate Grip meetings	Regular meeting in diary. Planning to become a standing item to help maintain pace and focus	2 per month	2 per month	2 per month	2 per month	2 per month
Divisional meetings	Regular challenge session, both within divisions to ensure ownership and identify issues for escalation. And challenge meetings with the exec team to support and resolve issues	At least monthly	At least monthly	At least monthly	At least monthly	At least monthly

Action Today

- Inform you of the requirements of the plan, and timetable to deliver it
- Set expectations for more detailed discussion with Governors in February and March
- Ask Governors for initial thoughts on the focus for the 18/19 plan on the context of the trusts new objectives

At St George's, our aim is to provide Outstanding Care, Every Time for all of our patients, wherever they are treated.

As part of this, we have agreed a set of organisational objectives – all of which are designed to improve care for patients, and the working lives of our staff.

We are confident these will give staff, patients, and our local and national stakeholders much greater clarity about where we are focussing our energies, and where we want to improve.

1

TREAT THE PATIENT, TREAT THE PERSON

- We will deliver the fundamentals of patient care to ensure our patients are kept safe and free of avoidable harm
- We will continue to improve the experience for patients and their loved ones at the end of their life
- We will ensure there is no decision without the patient's or carer's involvement, and that the patient's wishes are at the centre of their care
- We will recognise and manage deteriorating patients, and ensure staff support patients and their carers to make choices regarding their treatment
- We will ensure the safe and efficient storage and use of medicines, and continue to reduce the time patients wait for their medicines.

2

RIGHT CARE, RIGHT PLACE, RIGHT TIME

- We will improve the timeliness of emergency care for patients, and consistently meet the four hour emergency operating standard
- We will ensure we admit patients to the right ward or place of care first time, and ensure a positive experience for our patients
- We will align our people and clinical capacity to pathway demand, and ensure our patients are taken to the most appropriate environment for their assessment, treatment and care
- We will reduce cancellations of operations and make efficient use of our operating theatres
- We will offer patients greater choice about how they access our services, and ensure we match capacity to patient demand
- We will tackle our data quality and waiting list challenges, so ensuring patients are effectively tracked on our systems.

3

BALANCE THE BOOKS, INVEST IN OUR FUTURE

- In 2017/18, we will achieve the target deficit agreed with NHS Improvement
- We will continue to reduce our deficit, and aim to break-even in 2019
- We will deliver organisational efficiencies – from the way we buy drugs to how we use our clinical IT systems
- We will develop a financial model to help us identify and prioritise future investment requirements.

4

BUILD A BETTER ST GEORGE'S

- We will develop an organisational and clinical strategy that asserts St George's position as a provider of local and world-leading specialist services
- We will work with our partners and stakeholders to seek their views, so we address the challenges we face together
- We will improve our governance arrangements, as well as our everyday management systems (such as Agresso and ESR)
- We will modernise theatres and wards so they are better for patients and staff. We will also improve capacity in our ED, ITU and Critical Care Unit
- We will address our maintenance backlog to ensure fire, water, heating, electrical and ventilation safety
- We will continue to stabilise and improve our IT infrastructure
- We will work with St George's Hospital Charity to ensure money raised by fundraisers and donors is invested to improve care for patients and improve the working lives of our staff.

5

CHAMPION TEAM ST GEORGE'S

- We will improve staff engagement
- We will tackle bullying and harassment
- We will improve equality and diversity
- We will develop our leadership capability, and up-skill our managers
- We will develop a behaviour charter based on our values of being Excellent; Kind; Responsible; Respectful.

6

DEVELOP TOMORROW'S TREATMENTS TODAY

- We will work closely with St George's, University of London to train the healthcare professionals of the future
- We will embed research into clinical practice, to further foster a 'bench to bedside' culture within our organisation
- We will innovate, and ensure our patients have access to the latest treatments and surgical procedures
- We will use the latest technology to improve outcomes for patients, and make it easier for staff to provide care safely and effectively.

OUR QUALITY IMPROVEMENT PLAN

In October 2017, we launched our Quality Improvement Plan, which will play a key part in helping us deliver Outstanding Care, Every Time for our patients.

Our Quality Improvement Plan is made up of three improvement programmes, which are supported by two enabling programmes. They are:

IMPROVEMENT PROGRAMMES

Safe and Effective Care | Flow and Clinical Transformation | Quality and Risk

ENABLING PROGRAMMES

Estates and IT | Leadership and Engagement

Our Quality Improvement Plan is a major priority for the organisation, and successful delivery of the plan is closely linked with the strategic objectives set out in this document.

To find out more about our Quality Improvement Plan, log onto our website at www.stgeorges.nhs.uk

OUTSTANDING CARE, EVERY TIME
OUR QUALITY IMPROVEMENT PLAN
SEPTEMBER 2017

OUR VISION: OUTSTANDING CARE, EVERY TIME | 2017-19

CHAMPION TEAM ST GEORGE'S

Treat the patient, treat the person

Right care, right place, right time

OUR PATIENTS

Balance the books, invest in our future

DEVELOP TOMORROW'S TREATMENTS TODAY

BUILD A BETTER ST GEORGE'S

excellent kind responsible respectful

Meeting Title:	Council of Governors						
Date:	6 December 2017				Agenda No	10	
Report Title:	Proposals on Membership & Engagement						
Lead Director/ Manager:	Fiona Barr, Trust Secretary & Head of Corporate Governance						
Report Author:	Richard Coxon, Membership & Engagement Manager						
Presented for:	Approve Review	Decision Other (specify)	Ratify	Assure	Discuss	Update	Steer
Executive Summary:	The Council of Governors must represent the interests of Trust members and the public. Governors should seek the views of members and the public on material issues or changes being discussed by the Trust. Governors should provide information and feedback to members and the public regarding the Trust, its vision, performance and <i>material strategic proposals made by the Trust Board</i> . A Membership and Engagement working Group met on the 03.11.17 to discuss how we can better engage with members and get members feedback.						
Recommendation:	It is recommended that the Council of Governors receives this report for information.						
Supports							
Trust Strategic Objective:	All						
CQC Theme:	Well-led						
Single Oversight Framework Theme:	Well-led						
Implications							
Risk:	There is a risk that if the Governors are not engaging sufficiently with their constituencies or appointing organisations, they cannot adequately fulfil their duties of representation.						
Legal/Regulatory:	Governors have a legal duty to represent the members of the Foundation Trust and the public. This is enshrined in: <ul style="list-style-type: none">• Monitor Code of Governance• Your statutory duties - A reference guide for NHS foundation trust governors• Your duties: a brief guide for NHS foundation trust governors						
Resources:	N/A						
Previously Considered by:	Discussions held with Governors on 03.11.17						
Appendices:	N/A						

**Proposals on Membership & Engagement
Council of Governors, 6 December 2017**

1.0 PURPOSE

- 1.1 To update the Council of Governors for proposals on Membership and Engagement.

2.0 BACKGROUND

- 2.1 A group of seven Governors attended a Membership and Engagement Workshop on 03.11.17 to discuss representation of members and engaging with them on issues.

3.0 MEMBERSHIP & ENGAGEMENT

- 3.1 The group had convened to discuss whether it was feasible to meet on a regular basis as a 'Membership & Engagement Committee'. It was agreed that there was not enough interest from Governors currently though this would be reviewed after the current election ends on the 31 January 2018 and new Governors may wish to become more involved.
- 3.2 Given the Trust's financial position and the general trend amongst Foundation Trusts to concentrate more on the quality than the quantity of membership, the group acknowledged that it was important for the Trust to stabilise membership numbers at current levels. However the Governors should continue to be involved in campaigns to sign up new members – not least to explain first hand why patient and the public should sign up to be members of the Trust.
- 3.3 The Governors explained that they currently did not know who all of the members were in their constituencies and the Membership Office suggested that this should be countered by sending out reminders to members after the elections (and regularly thereafter) to let them know the results and remind them who their Governor representatives are for their particular constituency.
- 3.4 In addition, the Membership Office agreed it would share more information with Governors about members in their constituencies, within appropriate data protection protocols. For example, the breakdown of current membership numbers for each constituency broken down by age group and the number of times the Member e-bulletins are opened and click-throughs from relevant pages on the website.

4.0 CURRENT AND FUTURE ENGAGEMENT

- 4.1 The Governors currently engage with members and public at the following which are organised by the Membership Office:
- i. Annual Members Meeting.
 - ii. Monthly Meet your Governor stand in St George's Hospital reception.
 - iii. Monthly Member's Health Talks.
- 4.2 In addition, the Governors undertake local activity, for example at local community events or with local groups and associations which is not always fully captured. Also there is no forum to exchange this information (for example by way of an agenda item at the Council of Governors' meeting). Furthermore, the Membership Office could support the Governors' local activity by co-producing with Governors a "standard" pack of information (such as slides) that can be used with local groups.
- 4.3 The Membership & Engagement Workshop made a number of suggestions which could be put into effect immediately subject to resource:

Suggestion	Action
Ensure membership leaflets are available and clearly positioned across the Trust with a poster with clear emphasis on benefits of membership.	<i>Membership leaflets are restocked on a regular basis in the reception and waiting where there are leaflet stands. A poster to highlight membership to be agreed with communications team.</i>
Discuss with communications team having a members 'button' on front of website to link through to membership page and online membership form. This is being discussed with the communications team	<i>This option is being discussed with the communications team to ensure that the membership page and online form is easily found.</i>
At Health Talks ask speakers if a service user could also give their experience of an illness to make the talk more engaging. Also to explore whether, with permission, the talks could be filmed for podcasts.	<i>Speakers at Health Talks to ask service users to take part where possible. The filming service can be provided by the University's Media Services Department at a cost of £50 an hour.</i>
Holding Meet your Governor stand at Queen Mary's Hospital (QMH) site and for Governors to go around outpatient areas to meet and talk to patients and visitors.	<i>The Membership Office has provisional dates booked for next year including QMH which will be circulated to Governors and those who want to can go to outpatient areas too.</i>
Print e-bulletins for those members who do not have email to pick up from membership office or from monthly Meet your Governor stand.	<i>The e-bulletins can be printed off to give as a hard copy example of what a member can expect to receive. However as it links to stories on the website, these will be lost.</i>
Governors to have access to materials to meet with local groups and associations and supported as required.	<i>Information and support can be provided by the membership office and can be tailored for the occasion including powerpoint presentations.</i>

5.0 RECOMMENDATIONS

- 5.1 It is proposed that the Membership & Engagement Workshop is re-convened following the Governor elections with a clear role and purpose, should there be sufficient interest and commitment from the Council of Governors.

Authors: Richard Coxon, Membership & Engagement Manager
Fiona Barr, Trust Secretary & Head of Corporate Governance

Date: 04.12.17

Meeting Title:	Council of Governors		
Date:	6 December 2017	Agenda No	10
Report Title:	Governor Induction and Training		
Lead Director/ Manager:	Fiona Barr, Trust Secretary & Head of Corporate Governance		
Report Author:	Fiona Barr, Trust Secretary & Head of Corporate Governance		
Presented for:	Approve		
Executive Summary:	The report sets out the considerations of a recent workshop on Governor Skills and Training Needs and proposes how these could be met in future.		
Recommendation:	It is recommended that the Council of Governors approves this approach to equipping the Council as a whole and individual Governors with the skills and training they need to perform their roles effectively.		
Supports			
Trust Strategic Objective:	All		
CQC Theme:	Well-led		
Single Oversight Framework Theme:	Well-led		
Implications			
Risk:	Governors not given enough information or carry out their role effectively. Trust fails in its duty to equip the Governors with the skills they need to fulfil their role.		
Legal/Regulatory:	Foundation trusts are required by law to take steps to ensure that governors have the skills and knowledge they require to undertake their role.		
Resources:	N/A		
Previously Considered by:	Workshop comprising Lead Governor and Public Governor for Rest of England, Kathryn Harrison, Public Governor for Merton, Hilary Harland, Trust Secretary & Head of Corporate Governance, Fiona Barr, Membership and Engagement Manager, Richard Coxon	Date	24.10.17
Appendices:	N/A		

**Governor Induction and Training
Council of Governors, 6 December 2017**

1.0 PURPOSE

- 1.1 The Trust has a legal duty to equip the Governors with the skills they require to fulfil their role. The purpose of this paper is to propose how this could be done to best effect.

2.0 BACKGROUND

- 2.1 In the recent review of the arrangements for the Council of Governors (CoG) by Deloitte, conducted in summer 2017, Deloitte made the following recommendation in relation to the training and skills of Governors.

We recommend that CoG form a working party of Governors which will report back to CoG in November to:

- *Co-design and develop an induction package for Governors, and*
- *Identify the training needs of Governors over the course of 2017-18 (this training needs assessment should then form part of the annual cycle to the CoG each year).*

- 2.2 In response to this, the Membership Office invited expressions of interest from Governors to participate in a workshop to consider both what was already provided to the Council of Governors and what other skills and training were needed. Three Governors put themselves forward and two participated in the workshop which was held on 24.10.17, Lead Governor and Public Governor for Rest of England Kathryn Harrison and Public Governor for Merton Hilary Harland.

3.0 GOVERNOR SKILLS AND TRAINING

What is Currently Provided?

- 3.1 The workshop firstly focused on what is currently provided to the Governors on a routine basis which includes:
- i. Welcome letter from the Chairman.
 - ii. Invitation to meet Membership Manager to complete Code of Conduct and discuss what induction and training they require.
 - iii. Invitation to meet the Trust Secretary.
 - iv. Opportunity for a “walk round” the hospital.
 - v. Log-in for the Governor Web Portal which includes copies of key guidance documents and support for how to access the Portal. (It is recognised that the Governor Portal still requires further development).
 - vi. Board papers shared every month.
 - vii. Briefing on the Trust and its financial position at the Annual Members’ Meeting.
 - viii. Invitations to attend external events for Governors as and when they arise.
- 3.2 The workshop also noted that during 2016-17, the Governors had a successful joint meeting with the Board of Directors and received specific briefing on NHS Finance and Referral to Treatment.

What Else Could be Provided?

- 3.3 Overall it was felt that a more systematic approach to delivery training and assessing Governors’ individual needs would be helpful.

3.4 The workshop considered the main duties of the Council of Governors and devised the following list of areas on which they thought training would be beneficial and also suggested how this could be delivered.

Where Training & Skills May Be Required	How This Could Be Achieved
General awareness, knowledge and understanding of the role of a Governor and the Council of Governors.	<i>Standard annual briefing for all Governors following elections. To be delivered by the Trust Secretary or an external expert, eg NHS Providers.</i>
Introduction to St George's – size and scope, type and range of services, etc.	<i>Induction for new Governors following elections though existing Governors would be welcome to attend. Covered as part of presentation of the Annual Report & Accounts to the Council of Governors. Supplemented by a hospital "walk around" if required by Governors.</i>
Introduction to the Board and its Committees. Members of the Board, differences between Executive and Non-Executive Directors and the Trust's high level governance arrangements.	<i>Induction for new Governors following elections though existing Governors would be welcome to attend.</i>
How the NHS works – particularly funding streams (eg commissioner and provider split).	<i>Induction for new Governors following elections though existing Governors would be welcome to attend.</i>
Financial Awareness (to support receipt of Annual Report & Accounts)	<i>Part of induction for new Governors following elections. Refreshed through the presentation of the Annual Report & Accounts to the Council of Governors.</i>
Building working relationships with Non-Executive Directors (NEDs).	<i>Meeting NEDs through Governor induction. Twice yearly "NED Surgery". Making time available for Governors to meet with NEDs following Board or Committee meetings.</i>
Participating in recruitment and selection of Chairman and Non-Executive Directors.	<i>Structured briefing on process provided by the Trust Secretary for those Governors involved; supplemented by written briefing pack.</i>
Participating in performance review of Chairman and Non-Executive Directors.	<i>Structured written briefing on the process setting out individual roles and timescales (considered by CoG NR&C on 06.12.17).</i>
Understanding the Trust's Annual or Forward Plan and how Governors should be involved.	<i>Annual briefing on the regulatory requirement on the Annual or Forward Plan and what is required from the Council of Governors.</i>
Selecting the Voluntary Indicator for the Quality Account.	<i>Bespoke annual briefing session by the Director for Quality Governance for all Governors as part of the Quality Account timetable. This will be supplemented with regular updates on the Voluntary Indicator at CoG meetings.</i>
Selecting/retaining the External Auditors.	<i>Briefing provided by the Audit Committee Chairman and supplemented by the Chief Financial Officer as and when this is required. Specific training available for Governors who wish to be directly involved in the procurement process.</i>
Reading and interpreting papers, reports and accounts.	<i>Provided on an "as needs" basis through the Membership Office as required by individual Governors.</i>
Representing constituencies/stakeholders (two way engagement).	<i>Ideas suggested through induction to all new Governors. Support also provided on an "as needs" basis through</i>

	<i>the Membership Office as required by individual Governors.</i>
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3.5 General points on training also covered:

- i. Arranging Governor induction as close as possible to Governors being elected (ideally in February or March).
- ii. Scheduling training at times that are convenient for the majority of those attending, and where possible and appropriate, linking it to other meetings that Governors are attending.
- iii. Governors should make every effort to attend training events organised for them.
- iv. Governors are also encouraged to attending the NHS Providers Governor networking events and any speciality training courses that they might like to attend.
- v. Governors should feedback to the CoG when they have attended external events.

4.0 NEXT STEPS

- 4.1 A standard Governor Induction programme will be devised for delivery every year in February or March following elections. The training areas suggested in section 3.0 will be added to the Council of Governor Annual Cycle of Business.
- 4.2 A summary report on training and skills will be presented to the CoG annually. This will be linked to the annual survey of CoG effectiveness.

5.0 RECOMMENDATION

- 5.1 It is recommended that the CoG approves this approach to equipping the CoG as a whole and individual Governors with the skills and training they need to perform their roles effectively.

Meeting Title:	Council of Governors		
Date:	6 December 2017	Agenda No.	12
Report Title:	Recruitment & Retention		
Lead Director/Manager:	Harbhajan Brar, Director of Human Resources and Organisational Development		
Report Author:	Harbhajan Brar, Director of Human Resources and Organisational Development		
Presented for:	Approval Decision Ratification Assurance Discussion Update Steer Review Other (specify) (select using highlight)		
Executive Summary:	An overview of how the Trust recruits and retains staff through training and development, engagement with staff, and health and wellbeing initiatives to support staff.		
Recommendation:	That the Council of Governors is asked to note the current assurance around recruitment and retention of staff.		
Supports			
Trust Strategic Objective:	Champion Team St George's: <ul style="list-style-type: none"> • We will improve staff engagement • We will tackle bullying and harassment • We will improve equality and diversity • We will develop our leadership capability, and up-skill our managers • We will develop a behaviour charter based on our values of being Excellent; Kind; Responsible; Respectful 		
CQC Theme:	Safety, Effectiveness, Responsiveness, Caring and Well-Led		
Single Oversight Framework Theme:	Leadership and Improvement Capability (Well-Led)		
Implications			
Risk:	Failure to recruit or retain sufficient staff may result in reputational damage: loss of confidence in the organisation; and perceived failure of leadership.		
Legal/Regulatory:	N/A		
Resources:	N/A		
Previously Considered by:	N/A	Date:	
Equality Impact Assessment:	N/A		
Appendices:	Appendix 1: Recruitment & Retention - Update for Governors		

Recruitment and Retention Update for Governors – November 2017

Harbhajan Brar

Director of Human Resources and
Organisational Development

Workforce

Workforce

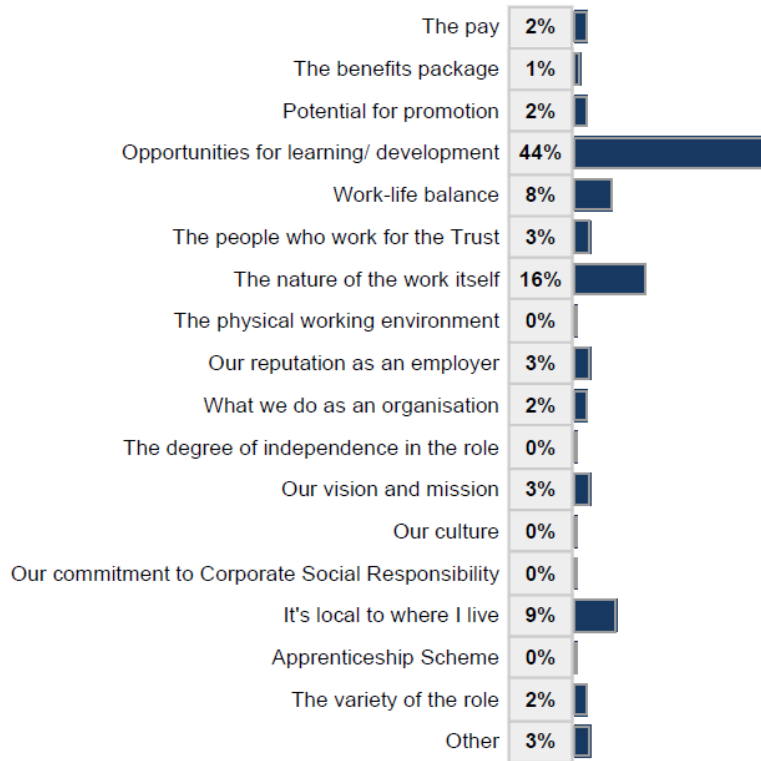
Indicator Description	Target	Oct-16	Nov-16	Dec-16	Jan-17	Feb-17	Mar-17	Apr-17	May-17	Jun-17	Jul-17	Aug-17	Sep-17	Trend
Trust Level Sickness Rate	3%	3.6%	3.8%	3.7%	4.2%	3.8%	3.3%	3.2%	3.4%	3.4%	3.6%	3.7%	3.6%	
Trust Vacancy Rate	10%	15.0%	14.7%	15.3%	15.1%	15.1%	15.4%	16.3%	17.0%	17.1%	16.1%	16.5%	14.8%	
Trust Turnover Rate* Excludes Junior Doctors	10%	18.5%	18.0%	18.1%	18.4%	18.5%	19.1%	19.1%	19.1%	18.8%	18.4%	19.6%	18.5%	
Total Funded Establishment		9,782.73	9,788.42	9,804.22	9,856.56	9,834.97	9,798.10	9,784.10	9,924.93	9,947.77	9,878.79	9,855.40	9,794.00	
IPR Appraisal Rate - Medical Staff	90%	82.2%	80.5%	76.0%	79.2%	81.3%	77.3%	82.4%	82.0%	74.2%	84.8%	79.0%	74.0%	
IPR Appraisal Rate - Non Medical Staff	90%	66.2%	65.6%	64.1%	67.5%	70.4%	72.8%	80.3%	78.2%	76.1%	76.1%	75.1%	79.4%	
% of Staff who have completed MAST training (in the last 12 months)		78.3%	80.0%	79.7%	81.9%	85.0%	85.0%	85.9%	87.0%	87.0%	86.0%	86.0%	85.0%	
Ward Staffing Unfilled Duty Hours	10%	5.1%	5.7%	6.2%	4.6%	6.2%	4.8%	5.5%	4.8%	5.8%	5.9%	6.5%	5.9%	
Safe Staffing Alerts	0	9	11	11	11	7	2	0	0	1	2	1	0	

Briefing

- Funded Establishment decreased by 61.4 WTE to 9,794 WTE in September
- Vacancy Rate decreased from 16.5% to 14.8%
- Sickness has decreased to 3.6% compared to 3.7% in the month previous
- Mandatory and Statutory Training figures for September were recorded at 85%
- Appraisal rates remain below target, both Medical and Non Medical. Non medical appraisal rate increased in September with performance of 79.4% and shows an on-going improvement on last year.

On-board and Exit Surveys: We know what attracts people to work for us... we know why they leave.

■ Attraction



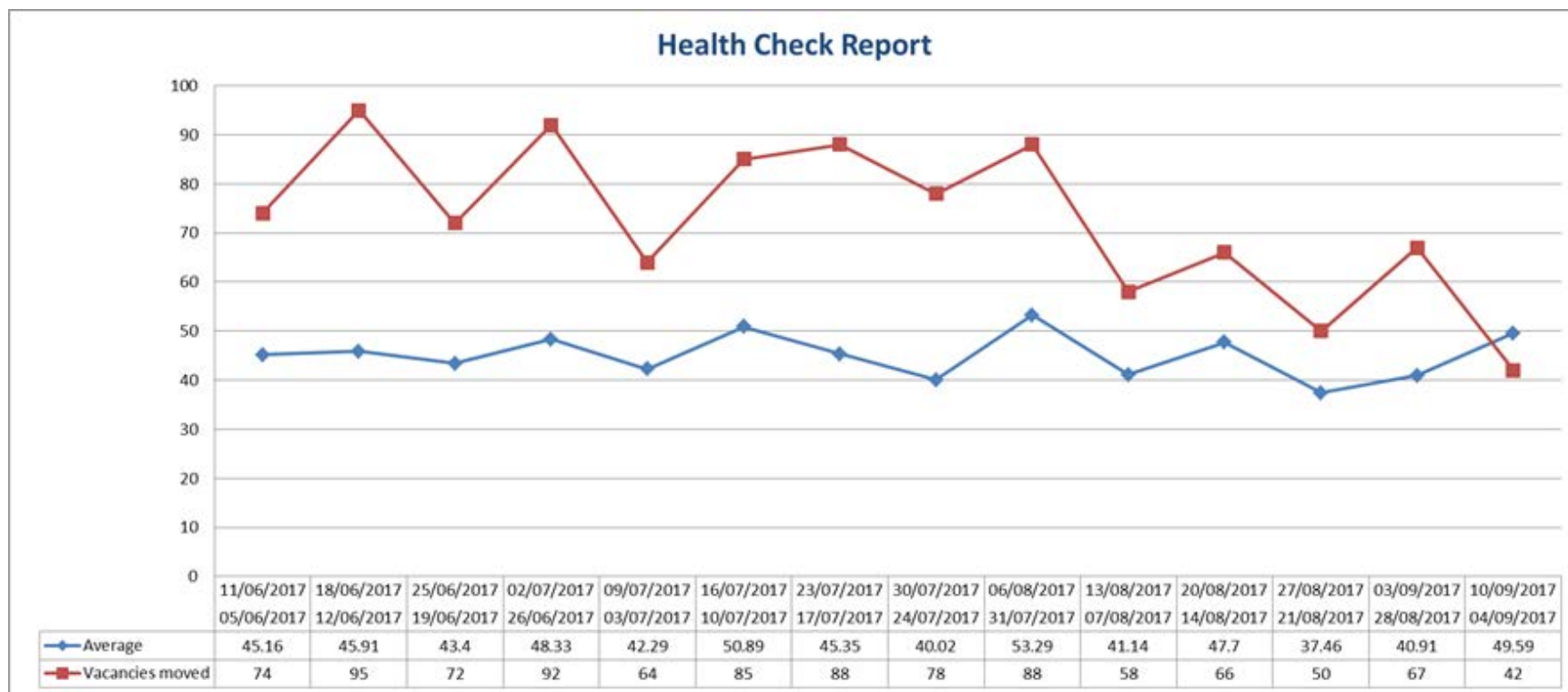
■ Leaving

1	I did not feel valued by the Trust	40
2	Poor communication by senior management	39
3	Lack of promotion opportunities	37
4	Lack of training / development opportunities	36
5	Low morale	36

Improvements in the Recruitment Service

- We rolled out an end-to-end applicant management system in 2016-2017 to reduce the length of time it takes to recruit staff.
- Implemented Values Based Recruitment to improve the 'fit' of new employees to the organisation
- Established a plan for 2017-18 to improve recruitment
- Key services have appointed their own Recruitment leads to work with the recruitment team to guide new employees through the recruitment and induction process

Average Days from Post Advertised to Conditional Offer Made* and Vacancies Progressed to Unconditional Offer Made

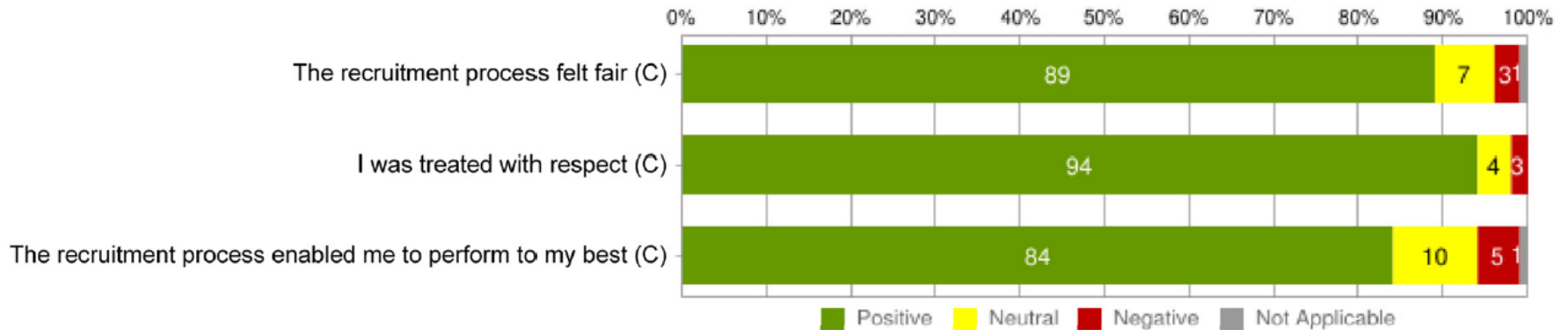


* reduced from 75 working days

Rating our overall recruitment experience

(new starters for 6 months to June 2017)

Overall



Our current recruitment initiatives

- Talent pool established via Trac for applications from Nursing Job fairs and Universities
- Monthly Band 5 open days.
- Schedule and overview of all Nursing Job Fairs for 2017-18
- Schedule to attend Universities
- Development of Band 5 pathway programme
- HCA assessment days and induction increased to monthly, working with JCP and South Thames College
- Meeting with Kingston University to discuss strategy for students entering September 2017 and focus on apprentice nurse recruitment.
- Exploratory conversations held with external agencies to identify sources for pipelines of candidates
- Direct sourcing 3 months free trial commenced with StaffNurse.com including advertising
- Worked with the RCN to advertise open days with a free 3- months' direct sourcing trial on their database.
- Working with TMP on employer value proposition to re brand SGH as an employer of choice.
- Benchmarking the employment offer and gaps (as part of the above workstream) including rewards package and benefits to staff.
- Consider the overall recruitment strategy for SW London Collaborative bank including candidate attraction methods.
- Recruiting from overseas (currently India)

Existing Retention Initiatives ...

- Internal movement for band 2,5 and 6
- Preceptor ship support for newly qualified nurses
- Supervisory time for ward leaders
- Direct entry into staff bank
- Rotation programmes
- English courses for people with English as a second language
- Use of alternative roles for safe staffing i.e. RMN and LD
- LiA well established - BIG Conversations have taken place to engage staff more widely
- Lead employer for SW London for Trainee Nursing Associates' pilot
- QCF for bands 2-3 in Nursing - includes ELOC module
- Overseas Nurse Preceptor employed specifically for supporting overseas nurses

Meeting Title:	Council of Governors		
Date:	29 November 2017	Agenda No	13
Report Title:	Quality Report – Quality Priorities and Indicators Update		
Lead Director/ Manager:	Avey Bhatia, Chief Nurse & Director of Infection Prevention and Control Andy Rhodes, Medical Director		
Report Author:	Elizabeth Palmer, Director of Quality Governance		
Freedom of Information Act (FOIA) Status:	Unrestricted Restricted		
Presented for:	Approval Decision Ratification Assurance Discussion Update Steer Review Other (specify)		
Executive Summary:	<p>The Quality Report 2016/17 set out the quality priority measures of success for 2017/18:</p> <p>Improving patient safety</p> <ul style="list-style-type: none">Improved levels of Early Warning Score (EWS) documentationRollout of Local Safety Standards for Invasive Procedures (LocSSIPs)25% reduction in patient falls resulting in a fractureZero avoidable grade 4 pressure ulcers (inpatients)No avoidable inpatient cardiac arrests (excluding ED) <p>Improving patient experience</p> <ul style="list-style-type: none">Documented discussion and agreed plans for end of life careIncrease participation in the staff surveyReduction in on the day cancellations of surgery by 25% <p>Improving patient outcomes</p> <ul style="list-style-type: none">Improve SHMI and HSMR ratesImplement a comprehensive clinical review process for in hospital deaths <p>Improving patient safety: measures of success are on target to be achieved for the EWS; LocSSIPs; pressure ulcers. Data for falls is being validated and an audit tool to assess the baseline for avoidable cardiac arrests is being used.</p> <p>Improving patient experience: measures of success are on target for end of life care plans; staff survey participation; improvement work to achieve reduction in on the day cancellations of surgery being implemented.</p> <p>Improving patient outcomes: measures of success are on target to be achieved in this quality domain.</p>		
Recommendation:	The Council of Governors is asked to note the progress made with delivery of the quality priorities in the Quality Report/Account 2016/17.		
Supports			
Trust Strategic Objective:	Treat the Patient, Treat the Person		
CQC Theme:	Safe, Effective, Caring, Responsive, Well-led		
Single Oversight Framework Theme:	Quality of care		
Implications			
Risk:	N/A		
Legal/Regulatory:	Health and Social Care Act 2008 (Regulated Activities) Regulations 2014		
Previously Considered by:	N/A	Date	

Quality Report – Quality Priorities and Indicators Update

Council of Governors 6 December 2017

1.0 PURPOSE

The purpose of this report is to update the Governors on progress with delivery of the quality priorities for 2017/18 as described in the Quality Report published June 2017.

2.0 BACKGROUND

The Quality Report 2016/17 was published in June 2017 as the quality chapter of the Annual Report 2016/17; it was also published as the Quality Account on NHS Choices. The Quality Report also set out the quality priorities identified for 2017/18 in three domains:

The priorities for 2017/18 are:

Improving patient safety

- Improved levels of Early Warning Score (EWS) documentation
- Rollout of Local Safety Standards for Invasive Procedures (LocSSIPs)
- 25% reduction in patient falls resulting in a fracture
- Zero avoidable grade 4 pressure ulcers (inpatients)
- No avoidable inpatient cardiac arrests (excluding ED)

Improving patient experience

- Documented discussion and agreed plans for end of life care
- Increase participation in the staff survey
- Reduction in on the day cancellations of surgery by 25%

Improving patient outcomes

- Improve SHMI and HSMR rates
- Implement a comprehensive clinical review process for in hospital deaths

The quality priorities for 2017/18 are specific areas for improvement that are also embedded in the Quality Improvement Plan (Oct 2017).

3.0 DELIVERING THE PRIORITIES

Where a quality priority is being delivered through QIP project this update will cross reference to progress with deliver of the QIP.

3.1 Improving patient safety

- Improving levels of documentation of the Early Warning Score (EWS)
This indicator is also being used to monitor delivery of the deteriorating patient workstream of the QIP. Table 1 shows the indicators we are tracking, 'full set of observations recorded' and 'observations correctly scored' are both showing an improvement in compliance. The target for compliance in relation to meeting the standards in the NICE clinical guideline is 80% as we have been exceeding this for some years we have now set ourselves a stretch target of 100% compliance and we are showing steady progress towards this.

Metric - From RaTE Monthly	May-17	Jun-17	Jul-17	Aug-17	Sep-17
EWS Audit	94.6	94.4	93.6	95.9	96.7
EWS Audit - are a full set of observations recorded?	96	95.5	95.8	97.8	98.6
EWS Audit - have the observations been correctly scored?	96.3	97.3	94.4	97.7	98.4
EWS Audit - when EWS has been triggered, was an appropriate response recorded?	85.1	88.7	84.2	89.1	92.8

- Rollout of LocSSIPs
Registers of procedures that have a Local Safety Standard are in place and are held in the divisions.
- Achieve a 25% reduction in patient falls resulting in a fracture
A falls co-ordinator has been appointed and is now in post. Verification of the data available through Datix incident reporting is being carried out to ensure the information behind this indicator is consistent. When this verification of the data is complete we will be in a position to see if this improvement target will be met for 2017/18.
- Zero grade 4 pressure ulcers
At the time of this report there we have had zero avoidable grade 4 pressure ulcers.
- No avoidable inpatient cardiac arrests (exclude Emergency Department)
Audit tool developed and a process to assess avoidable cardiac arrest baseline data commenced. This work is being carried out in the deteriorating patient workstream of the QIP.

3.2 Improving patient experience

- Documented discussion and agreed plans for end of life care
End of Life Care is a workstream in the Safe and Effective Care Programme of the QIP. Implementation of a care plan aligned to the '5 Priorities of Care for the Dying Person' is an action within the End of Life Care Strategy. The care plan has been developed and is currently being piloted, by August 2017 15 patients were utilising the care plan. The resources needed to support implementation across the Trust are being scoped.
- Increase participation in the staff survey
Staff engagement is an enabling programme of the QIP. The staff survey for 2017 is being carried out at the moment; it closes at the end of November. Indications are that participation has increased.
- Reduction in on the day cancellations of surgery by 25%
Theatres Improvement is a workstream in the Flow and Clinical Transformation Programme of the QIP. Work to reduce the number of same day cancellations includes the development of standard operating procedures (SOPs) to help create suitable theatre lists in advance of surgery. These have been developed by the multi-disciplinary teams involved and it is expected that improvements in planning will mean that patients, staff and equipment are better prepared and in the right place at the right time. The SOPs are being rolled out in November. As the SOPs become embedded and are used consistently we will continue to monitor the number of on the day cancellations, a measure of success will be a reduction in cancellations described.

3.3 Improving patient outcomes

- Improve Summary Hospital Mortality Indicator (SHMI) and Hospital Standardised Mortality Ratio (HSMR)
The latest HSMR data for the Trust shows mortality remains significantly better than expected for our patient group and the SHMI is lower than expected when

benchmarked against national comparators. Both indicators also show an improvement trend.

- Implement a comprehensive clinical review process for in hospital deaths
We published our policy relating to responding to deaths of patients in our care in September 2017. Since April 2017 members of the Mortality Monitoring Committee have carried out independent reviews of deaths using a structured judgement review tool. Between April and July 2017 83.3% of deaths were reviewed using this approach.

4.0 **RECOMMENDATION**

The Council of Governors is asked to note progress towards achieving the quality priorities for 2017/18.