(1) Condition FT4: The provider has complied with required governance arrangements

STATEMENT	RESPONSE	RISKS AND MITIGATING ACTIONS
1. The Board is satisfied that the Trust applies those principles, systems and standards of good corporate governance which reasonably would be regarded as appropriate for a supplier of health care services to the NHS.	**CONFIRMED**	Mitigated through external reviews of board governance and implementing any agreed actions. The Company Secretary has an important role in ensuring that the board is kept updated on guidance/compliance requirements from the regulator. They can also advise on good practice in this area, benefiting from membership of NHS Providers and the Company Secretary networks. Other sources of advice are from the external auditors through the audit committee. We also have a clear internal audit programme and assurance cycle, and our external auditors provide assurance around the financial and quality accounts. They also provide an opinion on our annual governance statement.
2. The Board has regard to such guidance on good corporate governance as may be issued by NHS Improvement from time to time	**CONFIRMED**	Mitigated through receipt of regular updates from NHSI, membership of local FT Company Secretary network and national Company Secretary network. Regular communications from legal advisors also received, as are updates from the external auditors through the audit committee.
3. The Board is satisfied that the Trust implements: a) Effective board committee structures; and	**CONFIRMED**	(3.a) Mitigated through external governance review in 2014, including an in-depth self-assessment which facilitated detailed scrutiny of governance arrangements by the board. The recommendations from this review were implemented during 2014-15. During 2015-16 the board evaluated its progress against the recommendations to ensure they are embedded within the organisation. Throughout 2016/17 the Trust has undertaken regular self-assessment against the Well-Led framework, which has been monitored via the Risk Management Committee in readiness for our next review due in 2017/18. During 2016/17 the CQC and NHSI consulted on a new framework and we have been advised by our local NHSI lead that it may not be necessary to commission an external reviewer to undertake our review, particularly given our recent CQC inspection. We have since been invited to work with NHSI to undertake our review using their new framework.
b) Clear responsibilities for its Board, for committees reporting to the Board and for staff reporting to the Board and those committees; and	**CONFIRMED**	(3.b) Board committee arrangements have been strengthened to facilitate more effective management of risks within the organisation in key areas. All of our board sub-committees carried out an effectiveness review during 2016/17 and development plans are being implemented.

STATEMENT	RESPONSE	RISKS AND MITIGATING ACTIONS
c) Clear reporting lines and accountabilities throughout its organisation.	**CONFIRMED**	(3.c) Clear reporting lines are in place, with managers and staff being aware of their responsibilities and accountabilities.
4. The Board is satisfied that the Trust effectively implements systems and/or processes:		(4.a/b) The Trust has robust arrangements in place for setting objectives and targets on a strategic and operational basis. These arrangements include ensuring that the financial plan is viable and we are compliant with our provider licence and coordinating individual objectives with corporate objectives. The Trust participates in initiatives to ensure value for money. The board scrutinizes the Trust's performance via the Corporate Performance Report and the Board Assurance Framework (both presented monthly to the board) and significant risks are discussed in detail at board sub-committees. Key risks are discussed with governors at formal council meetings. The CCG systematically reviews Trust delivery of the contract and key risks are discussed through the contract process. In addition we would escalate key risks to the system resilience group and Local A&E Delivery Board which provide strategic leadership to the development and delivery of a health economy commissioning strategy.
a) To ensure compliance with the Licensee's duty to operate efficiently, economically and effectively;	**CONFIRMED**	
b) For timely and effective scrutiny and oversight by the Board of the Licensee's operations;	**CONFIRMED**	
c) To ensure compliance with health care standards binding on the Licensee including but not restricted to standards specified by the Secretary of State, the Care Quality Commission, the NHS Commissioning Board and statutory regulators of health care professions;	**CONFIRMED**	(4.c) The risks to delivery of national health care standards are detailed in the Trust's operational plan and kept under ongoing review through the Corporate Performance Report and the BAF. The Trust has taken a number of steps to seek to mitigate such risks through focused and dedicated work to bring performance back into compliance. This has involved internal work as well as collaborative work with other partners in the local health economy. Details of such mitigating actions are set out in the annual governance statement within our annual report.
d) For effective financial decision-making, management and control (including but not restricted to appropriate systems and/or processes to ensure the Licensee's ability to continue as a going concern);	**CONFIRMED**	(4.d) Any risks to effective financial decision-making, management and control are mitigated through review of SFIs, scheme of delegation and reservation of powers to board. There is regular review of the financial position by the board and finance & investment committee (FIC). In 2016/17 we established a new Productivity and Efficiency Steering board (to replace FRB) and 6 new programme boards which report into the Productivity and Efficiency Steering Board. This enhanced governance structure won a HFMA governance award. We are also working with McKinsey on our Financial Improvement Programme and McKinsey recognise we have mature financial governance arrangements.
e) To obtain and disseminate accurate, comprehensive, timely and up to date information for Board and Committee decision-making;	**CONFIRMED**	(4.e) The board & its committees receive accurate, comprehensive, timely and up to date information to assist in their decision making. The Chairman and Chief Executive ensure that board members are kept updated on relevant issues outside the cycle of formal meetings.

STATEMENT	RESPONSE	RISKS AND MITIGATING ACTIONS
f) To identify and manage (including but not restricted to manage through forward plans) material risks to compliance with the Conditions of its Licence.	**CONFIRMED**	(4.f) The Board carries out an annual self-assessment of the Trust's compliance against its provider licence and the Trust's additional licence condition. We have scheduled an audit of our progress against our enforcement undertakings within the 2017/18 internal audit porgramme, which will provide independent assurance to NHSI. We also seek the expertise and advice of our external auditors in relation to risk and forward planning issues, alongside the work of our internal auditors.
g) To generate and monitor delivery of business plans (including any changes to such plans) and to receive internal and where appropriate external assurance on such plans and their delivery; and	**CONFIRMED**	(4.g) The Trust has a standard assessment process for future business plans to ensure value for money and full appraisal processes are employed when considering the effect on the organisation. Procedures are in place to ensure all strategic decisions are considered at executive and board level, and we are utilising FIP Wave 2 to support implementation of strategic decisions.
h) To ensure compliance with all applicable legal requirements.	**CONFIRMED**	(4.h) There is a clear process for and awareness of the legal and regulatory requirements placed on the Trust. The Company Secretary is a qualified solicitor and is able to support the Trust in this regard.
5. The Board is satisfied:		(5.a) Risks to capability at board level are mitigated through reviews of the board by the appointments, remuneration and terms of employment (ARTE) committee and the nominations committee. The external review of board governance provided in- depth scrutiny of all areas to ensure that they continue to be appropriate and fit for purpose. There is a balance of skills on the board and care is taken to ensure that board members are continually developed. An ongoing recruitment process for the three vacant non-executive director posts is aimed at attracting talented individuals with specific skills.
a) there is sufficient capability at Board level to provide effective organisational leadership on the quality of care provided;	**CONFIRMED**	
b) the Board's planning and decision- making processes take timely and appropriate account of quality of care considerations;	**CONFIRMED**	
c) accurate, comprehensive, timely and up to date information on quality of care is collected;	**CONFIRMED**	(5.b) The Board's planning and decision-making processes take timely and appropriate account of quality of care considerations. When considering CIP schemes, in order to mitigate the impact on quality of care, the Trust has in place a 'Quality Impact Assessment' and governance systems that requires clinical approval of CIP schemes.
d) the Board receives and takes into account accurate, comprehensive, timely and up to date information on quality of care;	**CONFIRMED**	(5.c/d/e) The monthly quality reports provided to the Board as part of the Corporate Performance Report are comprehensive and provide directors with appropriate and timely information to monitor the care given to the Trust's patients. Emphasis is also placed on gaining the views and opinions of patients, staff and stakeholders. For example, patient stories are provided to the board for consideration at every board meeting. Many other examples are detailed in the Trust's annual report (particularly in the quality accounts) and in board reports.
e) That the Trust, including its Board, actively engages on quality of care with patients, staff and other relevant stakeholders and takes into account as appropriate views and information from these sources; and	**CONFIRMED**	

STATEMENT	RESPONSE	RISKS AND MITIGATING ACTIONS
f) there is clear accountability for quality of care throughout the Trust including but not restricted to systems and/or processes for escalatingand resolving quality issues including escalating them to the Board where appropriate.	**CONFIRMED**	(5.f) There is clear accountability for quality of care throughout the organisation, led by the Nursing and Midwifery Director and the Medical Director, with staff at all levels appreciating their responsibilities.
6. The Board effectively implements systems to ensure that the Trust has in place personnel on the Board, reporting to the Board and within the rest of the organisation who are sufficient in number and appropriately qualified to ensure compliance with the conditions of its NHS provider licence.	**CONFIRMED**	In March 2014 the board commissioned an external review of its governance arrangements. The recommendations from this review were implemented during 2014-15. The board confirmed in October 2015 that the action plan should be closed off as the recommendations had been embedded. The board undertook a fresh self-assessment in August 2016 and, from this point, the Risk Management Committee has been evaluating and monitoring progress at every meeting. All board sub-committees carried out an effectiveness review during 2015/16 and 2016/17. A robust appraisal process is in place for all board members and other senior executives. The Chairman appraises the Chief Executive, and the Chief Executive carries out performance reviews of the other executives. All these reports are submitted to the appointments, remuneration and terms of employment committee. The Chairman undertakes the performance review of non-executive directors using our non-executive director competency framework and the outcomes of these appraisals are reported to the Council. Given that the Chairman, Stuart Heys, retired from the Trust on 2 January 2017, a formal performance review of the Chairman was not undertaken. The new Chairman, Sue Musson, joined the organisation on 3 January 2017 and her appraisal will be undertaken by the Senior Independent Director during 2017/18 and reported to the Council.

(2) Certification on training of Governors - in accordance with s151(5) of the Health and Social Care Act

The Board is being asked if it is satisfied that during the financial year most recently ended the Trust has provided the necessary training to its governors, as required by section 151(5) of the Health and Social Care Act 2012, to ensure they are equipped with the skills and knowledge they need to undertake their role. The declaration is **"Confirmed"** on the basis that on appointment our governors receive formal induction training to enable them to understand the context in which they are carrying out their role, including information on their statutory duties, as well as practical information such as the various sub-groups available to them. In addition, during 2016/17 we introduced a formal Governor Development Programme, which was developed in consultation with Governors, and the development sessions themselves are delivered through eight governor workshops each year.

(3) Condition G6: The provider has taken all precautions necessary to comply with the licence, NHS Acts and NHS Constitution

DECLARATION TEXT	RESPONSE
1. Following a review for the purpose of paragraph 2(b) of licence condition G6, the Directors of the Licensee are satisfied, as the case may be that, in the Financial Year most recently ended, the Licensee took all such precautions as were necessary in order to comply with the conditions of the licence, any requirements imposed on it under the NHS Acts and have had regard to the NHS Constitution.	CONFIRMED
2. The board declares that the Licensee continues to meet the criteria for holding a licence.	CONFIRMED

The board is required to explain the main factors taken into account in making the above declarations:

The Trust's ability to achieve key access targets in 2016/17 was compromised due to operational pressure across the health system. The Trust experienced high levels of escalation with medical outliers and compromised patient flow and, whilst we are working hard to implement our Quality Improvement Plan, health economy support is required as system resilience is dependent on all stakeholders supporting changes across the local health economy. The Trust is fully engaged in economy wide meetings such as the Local A&E Delivery Board but experience would indicate there is a gap between strategic aim and tangible operational delivery. As such, we anticipate that there will be continued operational and subsequent compliance issues against key access targets during 2017-18. The Trust is fully committed to our Local Delivery Plan for Central Lancashire, "Our Health Our Care", but its impact is mid-term rather than immediate and the achievability of our Local Delivery Plan requires regulatory support.

(4) Condition CoS 7: If providing commissioner requested services, the provider has a reasonable expectation that required resources will be available to deliver the designated service

Only NHS foundation trusts designated as providing commissioner requested services (CRS) must self-certify under Condition CoS7(3). The Board must choose one response from the following 3 options:

1. After making enquiries the Directors have a reasonable expectation that the Trust will have the required resources available to it after taking account distributions which might reasonably be expected to be declared or paid for the period of 12 months referred to in this certificate.

2. After making enquiries the Directors have a reasonable expectation, subject to what is explained below, that the Trust will have the required resources available to it after taking into account in particular (without limitation) any distribution which might reasonably be expected to be declared or paid for the period of 12 months referred to in this certificate. However they would like to draw attention to the following factors (as described below) which may cast doubt on the ability to provide Commissioner Requested Services.

3. In the opinion of the Directors, the Trust will not have the required resources available to it for the period of 12 months referred to in this certificate.

Required resources include: management resources, financial resources and facilities, personnel, physical and other assets.

Response: Option 2. The factors to be considered are: (1) the limited availability of operational and strategic capital for 2017/18, and (2) the Trust's financial resilience is dependent upon external support by way of working capital loans from the Department of Health, which fall due for repayment this year. The current financial plan does not allow the Trust to make repayment in this timescale and and so we are working with NHS Improvement and the DH to find a resolution.