

Private Healthcare Information Network (PHIN) Governance Review Report

Executive Summary

1. Introduction

Given our role as the Competition and Markets Authority's (CMA's) appointed Information Organisation, PHIN commissioned Mazars to confirm that our corporate governance and oversight procedures are resilient, robust and fit for purpose, and to make recommendations for any required / desirable improvements. This was to ensure we can successfully aid the sector in complying with the Private Healthcare Market Investigation Order 2014 ('the Order') and better inform patient choice.

Mazars conducted its review comprising the following key stages from January 2024 to March 2024:

- Board, Senior Management and Company Secretariat questionnaire and interviews
- Desktop review of board and governance-related information
- Observation of Board and committee meetings
- Preparation, agreement and presentation of report and recommendations to the Board

The review team also liaised periodically with representatives from the CMA.

This is PHIN's summary of the full Mazars report.

2. Findings

The review team found PHIN's Board and committees to be effective, with a strong commitment to delivering the Order. As part of its observations of the Board and its committees, the team noted competent, talented, well-informed, and well-prepared Executive and Non-Executive Directors (NEDs) and a skilful, diplomatic and highly regarded Board Chair who is effective in maintaining the flow and focus of meetings.

The review team found PHIN's Board and wider governance processes to be effective.

The findings and recommendations of its report should be understood in the context of its overall view, which is one of an effective Board, and its stated desire for the team's independent view on any areas for further enhancement.

Individually and collectively, PHIN's Board has deep sectoral and wider experience of public and private healthcare, as well as a clear understanding of its duties and obligations to the company, the CMA and its other stakeholder groups. The Board is collegiate in its approach, built on a foundation of mutual trust and respect within and between the executive and non-executive cohorts.

Through interviews, a documentation review and Board observation, the review team noted clear, demonstrable provision of considered challenge around the board and committee tables, which it believes serves to reinforce the sense of mutual respect.

3. Recommendations

The following recommendations (presented in no particular order) are guidance for an already effective Board to develop even further in the spirit of continuous improvement. Some of the review team's recommendations may not require any formal implementation but are presented instead as aides-mémoires for Directors.

1. Board Terms of Reference (ToR)

Consideration should be given to creating a ToR document, which should state key responsibilities as per the Articles of Association and the following additional requirements:

- Reviewing management and financial performance
- Ensuring compliance with law and regulation
- Ensuring sufficient diversity in the organisation
- Ensuring adequate succession in place for the Board and Senior Management
- Required meeting frequency

2. Corporate Governance Policy

An overarching corporate governance policy should be created, outlining the PHIN's processes and principles for directing and controlling the company.

3. Documentation of Finance Governance Structure and Related Policies

PHIN should document the governance structure around monthly budget reviews, and its policies relating to the activities and responsibilities of financial reporting and the year-end close process.

4. Board Evaluation

In line with best practice, an externally-led governance review should be undertaken every three years with self-assessments being completed in each of the years in between.

5. Monitoring Adherence to Articles of Association

A process should be implemented to ensure ongoing adherence to the Articles of Association. An action plan should be produced to remediate any identified areas of non-adherence.

6. Skills Gaps and Succession Planning

A succession plan for the Board should be developed to include the following:

- An assessment of key skills and experience that would be lost with the departure of an individual and whether any other current NEDs or senior managers are able to fill the gap(s).
- Consideration should also be given as to whether any skills gaps for potential successors can be bridged in the short term through training and coaching.
- The Board should consider whether the breadth and depth of the NEDs' knowledge is adequate to suitably scrutinise and challenge the changing nature of risks that the organisation faces, including cyber risk.
- Consideration of NEDs' tenures – a proactive approach is required to find the best available successors in good time prior to a NED's departure.

- Board members' roles – consideration should be given to which committees the NEDs chair and attend. This should also consider any potential independence challenges.
- Length of service and notice periods – where an internal successor is not available, a short notice period may lead to significant urgency in hiring a replacement.
- Requirements for external hires – where there are no internal solutions, it may be necessary to consider external recruitment.
- Associated timings and transition plans – an assessment of how long would be required to get successors up to speed and what training and interim actions will be required for them to be effective in their roles.
- Emergency / short-term / long-term successors – more than one successor can be considered for each role with consideration given to who could step into the role; for example, 'immediately', 'in two years' and 'in five years'.
- Diversity – Consideration of diversity within the pool of potential successors. If there is a lack of diversity within this pool, consider if there are high-potential employees that, with the right exposure, opportunities and training, could also be brought into that pool of successors.

The Review Team also recommended that the Executive succession plan is revisited to ensure that the above areas are covered. Once developed / updated, succession plans should be reviewed and updated at least annually.

7. Board member assessment, induction and training

Supplementary to Recommendation 6, a formal Board member induction process should be produced and supported by an ongoing training plan for all Board members.

4. Conclusion

The review team found PHIN's Board and wider governance processes to be effective.

It did not identify any areas where the Board were deemed to not be fulfilling their remit. The five-year roadmap and delivery plan for 2022-2026 has been presented to, and approved by, the CMA and PHIN's members and focuses on delivery of part four of the Order by the CMA deadline of June 2026.

PHIN also has a clearly defined vision and mission which are underpinned by values and behaviours. These are publicly available on PHIN's website.

Based on its observation and documentation review, the team noted good visibility of strategic matters and updates at Board level and had no concerns with regard to the overall governance approach within PHIN.