

A Review of Governance Structures, Processes & Culture

A Review of the Governance Model at Lakeridge Health

Final Report
April 2017



CORPUS SANCHEZ INTERNATIONAL

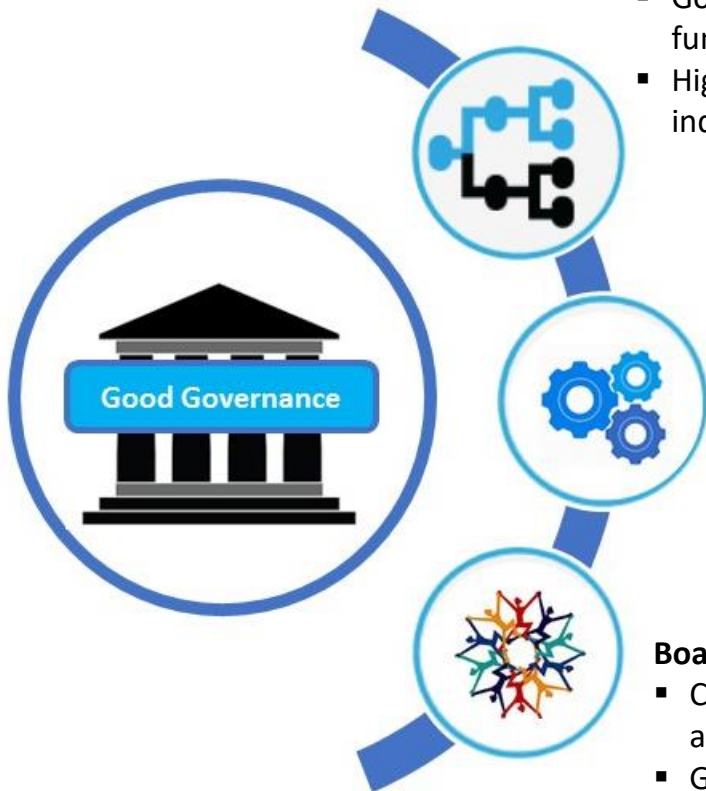
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Section 1: Setting Context

*Good governance is not limited to the members only, but must include oversight over the entire organization and the population of the communities it serves*¹. The following diagram depicts best practices for good governance to provide a starting point for this review of governance at an integrated Lakeridge Health and the Ajax Pickering site of Rouge Valley.



Board Structure

- Governance policies and structures that facilitate efforts to perform the board's functions and fulfill its responsibilities
- Highly dedicated persons who collectively have the competencies, diversity, and independence that produce constructive, well-informed deliberations

Board Processes

- Clear definitions of Board authority, accountability and the decision-making responsibility
- Understanding roles of governance vs. management, skillful board leadership, board-management relations
- Seek to continuously improve board-CEO performance
- Establish and continually update succession plans for the board and board leadership positions
- Well-organized meetings, focus principally on system-wide strategy and key priorities

Board Culture

- Culture that nurtures engagement, mutual trust, willingness to act, and achieve high performance standards
- Governors need to be engaged, invested, and active participants
- CEO has leadership, management skills, personal/ professional standards, support role of governance

¹ Extracted from Governance in Large Nonprofit Health System – Commonwealth Center for Governance Studies, Inc. 2012

Focus for the Review

As Lakeridge Health and the Ajax Pickering site of Rouge Valley Health System advance the voluntary integration directive, the Board of Trustees of Lakeridge Health initiated this review of the by-laws to identify recommendations to ensure appropriate and fair representation of all of the communities served under the integrated entity.

To support this work, CSI compared governance practices of Lakeridge Health against the practices of similar health care organizations, interviewed key stakeholders, reviewed other public sector organizations and other regional providers governance models from across Canada, reviewed relevant literature, and reviewed other information provided by Lakeridge Health on the changing nature of the hospital's service area (geography and population).

Our focus as an independent reviewer was to:

- **Identify the drivers that create an opportunity for renewing board structure, processes and influencers of culture.** *See Section 2: Initial Assessment of Opportunity for a summary of key drivers and an initial assessment of board practices based on key indicators.*
- **Provide advice on how to improve the Board's diversity and inclusion practices.** *See Section 3: Setting the Foundation for Diversity and Inclusion for an approach to help Lakeridge Health be more inclusive and respectful of diversity in its processes*
- **Review hospital governance best practices** and review current Lakeridge Health by-laws and the nomination process. *See Section 4: Renewing the Board for recommendations on the recruitment and selection of members, board size and criteria for ensuring diversity that will include but will not be limited to geography;*
- **Develop a supporting framework to guide the newly amalgamated Lakeridge Health Board through the transition process.** *See Section 5: Building the Transition Plan for a plan to guide future planning efforts.*

Section 2: Initial Assessment of Opportunity

Interviews with key stakeholders was completed to gain an understanding of current practices both at Lakeridge Health and at other comparator institutions.

In addition, a review of the Lakeridge Health by-laws relative to a number of baseline indicators was completed to gain an understanding of current practices.

Overall, there appears to be a committed Board, and generally good governance policies and practices. However, there are opportunities for improving governance design at the structural, process and culture levels. This evaluation identified key areas of focus for this review.

| Benchmarks | Indicators | Evaluation |
|------------------------|--|-------------------------|
| Board Structure | Formal Limits on # of Consecutive Terms a Member Can Serve | ✓ |
| | Formal Limits on the Number of Voting Board Members | ✓ |
| | Appropriate Board Size | See Section 4.2 (R3) |
| | Board Composition (Skills, Diversity) | See Section 4.2 (R4-6) |
| | Board Committee Oversight of Specific Governance Functions (Audit, Compensation, Finance, Quality) | ✓ |
| | Written Board Approved Definition of Committee Responsibilities | ✓ |
| | Effective Board Executive Committee | ✓ |
| Board Processes | Clarity for each Board Member Who they are Accountable to | ✓ |
| | Effective Board Chair - CEO Relationships | ✓ |
| | Effective Board Evaluation Process | ✓ |
| | Clear and Followed CEO Evaluation Process | ✓ |
| | Clearly defined Succession Planning Processes | ✓ |
| | Board Oversight of Patient Care Quality and Safety | See Section 4.3 (R9-11) |
| | Allocation of Board Time and Effort | ✓ |
| Board Culture | Healthy board culture | See Section 4.1 (R1-2) |
| | Effective Approach to Decision Making | See Section 4.3 (R7-8) |
| | CEO commitment to board development | ✓ |
| | Senior staff support for the board | ✓ |
| | Executive sessions of the board (in Camera) | ✓ |

Extracted from Governance in Large Nonprofit Health System – Commonwealth Center for Governance Studies, Inc. 2012

Appreciating the Drivers for Board Renewal

While the current board practices have likely served the organization well, a number of drivers are creating an opportunity and need for renewing some specific board practices – specifically related to structure, processes and culture.

The Catalyst

The Voluntary Integration of Lakeridge Health and the Ajax-Pickering site of Rouge Valley Health System creates the need to be reflective of this changing catchment and the needs of individuals living in these regions.

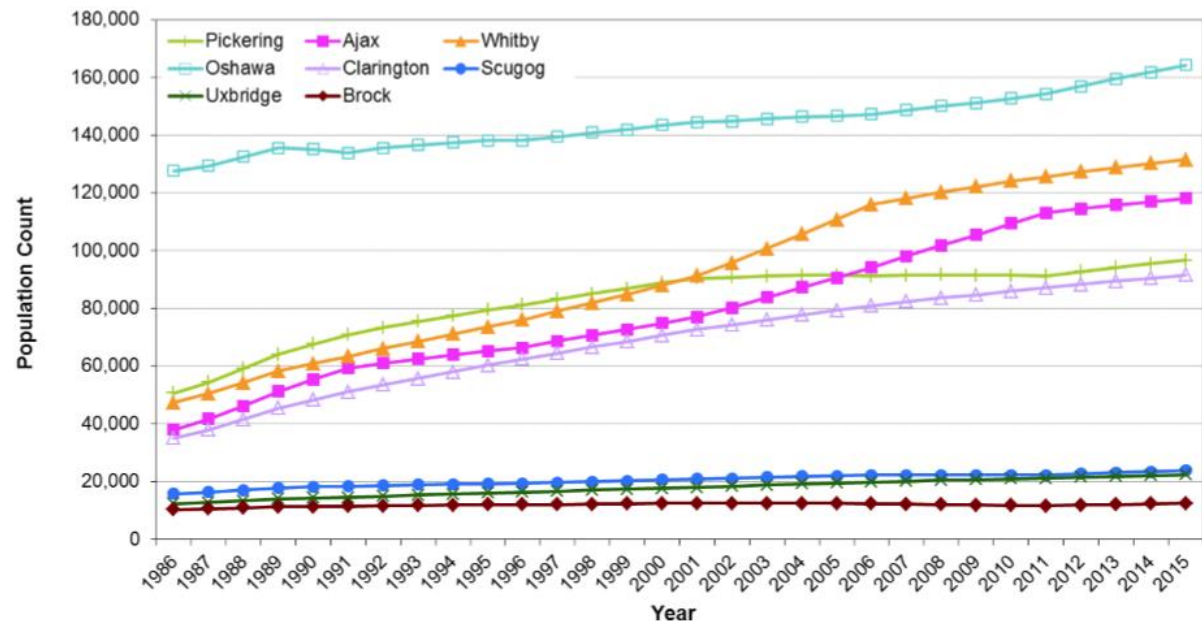
A Growing Focus on Board Accountability in Five Key Areas:

- Organizational Ethics and Core Values
- Governance and Leadership
- Quality of Care
- Community Health and Benefit; and
- Communication.

An Aging and Increasingly Diverse Population Across the Catchments

(Total Population by Year, Durham Region Municipalities)

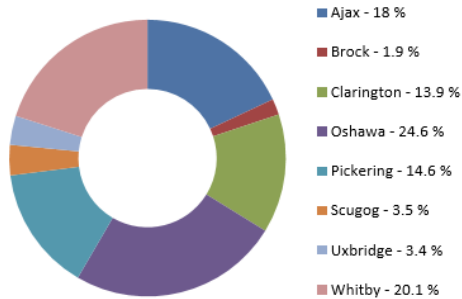
Source: Ontario Population Estimates (1986 -2015), Ontario Ministry of Health and Long-Term Care



And, a growing Focus on Board Accountability that is Reflective of the Communities Served. From a governance perspective, it is important to make some key changes to embrace this new opportunity.

Ajax-Pickering population reflects ~33% of Durham Population

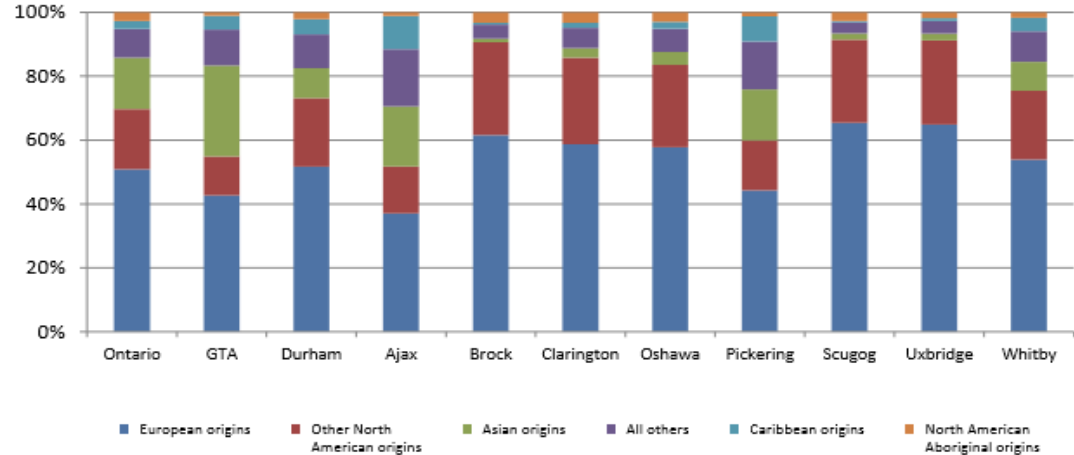
Durham Region Population Distribution, 1976 - 2011



Durham Population includes Broad Ethnic Origin that Must be Reflected by a Board Diversity and Inclusiveness Mandate

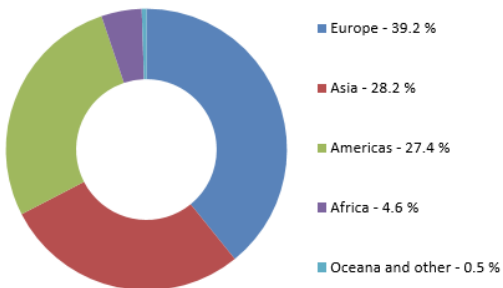
Ethnic Origin in Durham and the GTA, 2011

Proportion of Visibility Minorities: Black (7%), South Asian (5.7%), Filipino (2%), Chinese (1.5%), Latin America (0.7%), West Asian (0.6%), Arab (0.5%), Southeast Asian (0.4%).



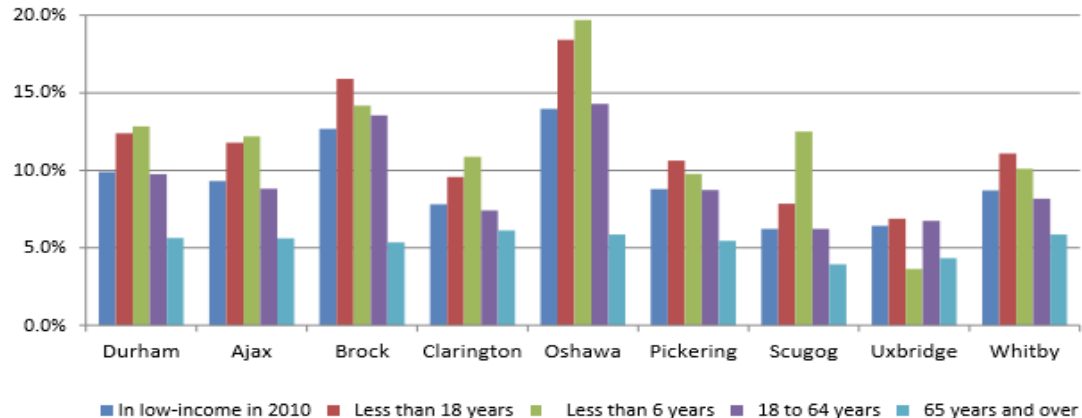
Durham Population reflects a broad-base of immigrants by place of birth

Immigrants by Place of Birth in Durham, 2011



Variation in Income Across Durham Region

Prevalence of Low-Income in Durham Region, 2010



Section 3: Setting the Foundation for Diversity and Inclusion

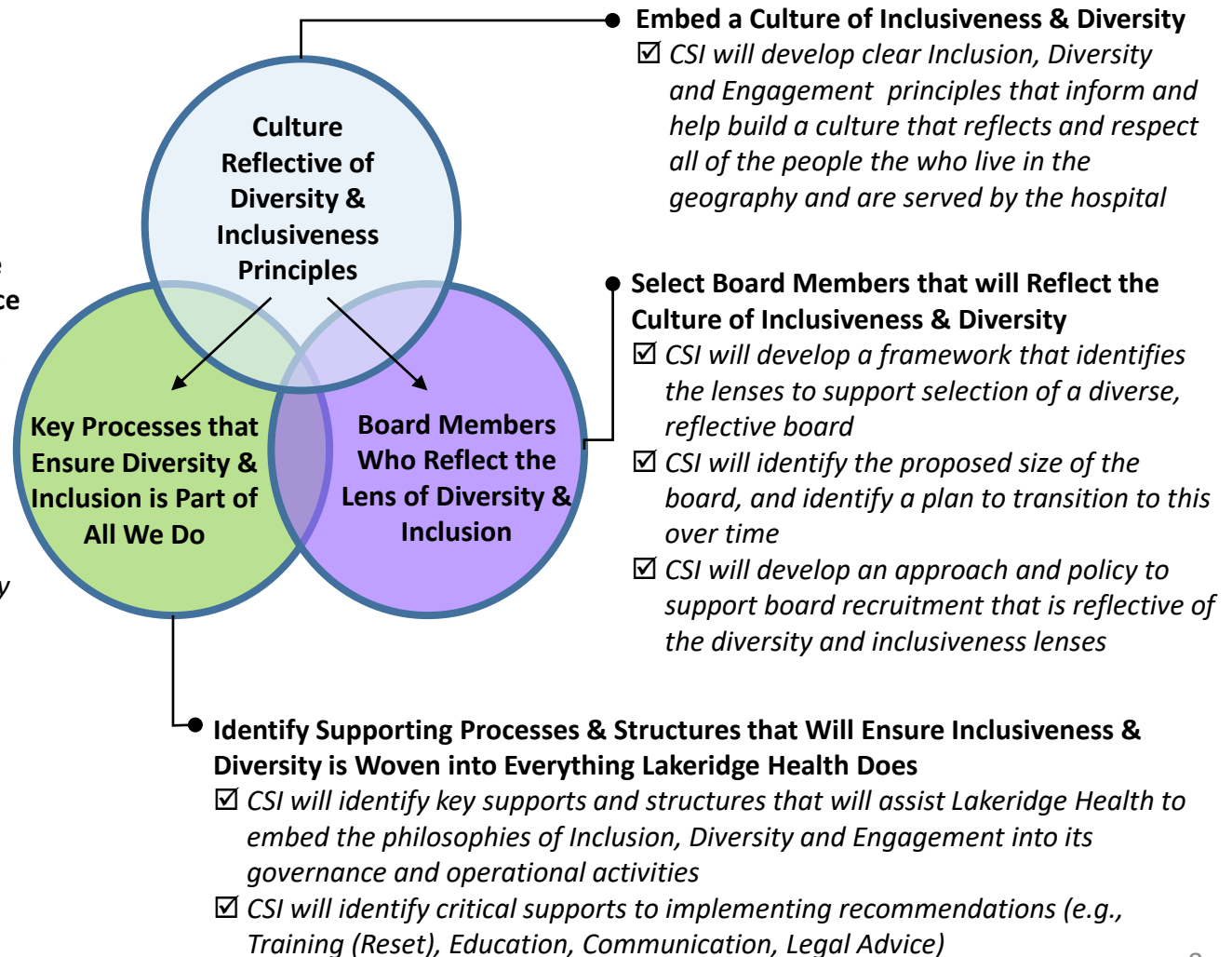
CSI believes an **Inclusion, Diversity and Engagement Framework that will directly support and inform an effective board culture, board member selection and key board processes** is required to enable Lakeridge Health to remain committed to the people who live in their geography – even as the people change over time.



Lakeridge Health will Adopt a Philosophy of Inclusion, Diversity and Engagement that will Provide a Foundation for Good Governance and Operations. This Philosophy will drive the culture, selection of board members, and inform key processes – governance and operational.

CSI will:

- ☑ Describe why Inclusion, Diversity and Engagement is important,
- ☑ Why it is best practice, and
- ☑ Why it is beneficial to Lakeridge Health



A Commitment to Inclusion, Engagement & Diversity

Lakeridge Health strives to create an inclusive culture which prizes and values diversity. To meet the mandate of being accountable to those it serves, Lakeridge Health must nurture a culture of inclusion, engagement and diversity that values diversity of perspectives; reflects the needs of all people living in its catchment; nurtures and builds flexible organizations to meet the evolving needs of people; and builds processes and supports that respect the population's diversity and continually listens to their input.

A commitment to Inclusion, Engagement and Diversity will improve the quality of Lakeridge Health's care and create an organization that physicians and staff want to work at by bringing together key individuals to participate and support board related activities, and create key processes that ensure the perspectives of those served are heard.

It is important to note that developing a culture of inclusiveness, engagement and diversity is not a quick process. It's not simply about hitting a June 1st deadline and then all the work is done. Its about a long term plan and commitment that is worked on everyday to ensure the right people inform, advise and help make decisions that are in the best interest of Lakeridge Health and the people it serves; and the development of core processes that ensure diversity and inclusion is embedded into all that Lakeridge Health does.

Royal Bank of Canada's (RBC) Perspective on Diversity & Inclusion

Diversity. In broad terms, diversity is any dimension that can be used to differentiate groups and people from one another. It means respect for and appreciation of differences in ethnicity, gender, age, national origin, disability, sexual orientation, education, and religion.

Inclusion. Inclusion is a state of being valued, respected and supported. It's about focusing on the needs of every individual and ensuring the right conditions are in place for each person to achieve his or her full potential. Inclusion should be reflected in an organization's culture, practices and relationships that are in place to support a diverse workforce.

In simple terms, diversity is the mix; inclusion is getting the mix to work well together.

Everyone brings diverse perspectives, work experiences, life styles and cultures, and it is these differences that are a source and driver of innovation. The power of diversity is unleashed when we respect and value differences.

A Framework to Ensure Inclusion, Engagement & Diversity

However, this cannot be done without a plan. Good governance requires a clear plan that supports the development of an inclusive, engaged and diverse culture – each and every day.

Lakeridge Health will do this through:

- A Board endorsed inclusion, engagement and diversity policy;
- A Board composition that reflects the diversity of the community served; and
- Board processes that ensure the policy is applied to all relevant activities across the organization through the review of management submitted reports including application of the policy in all related deliberations.

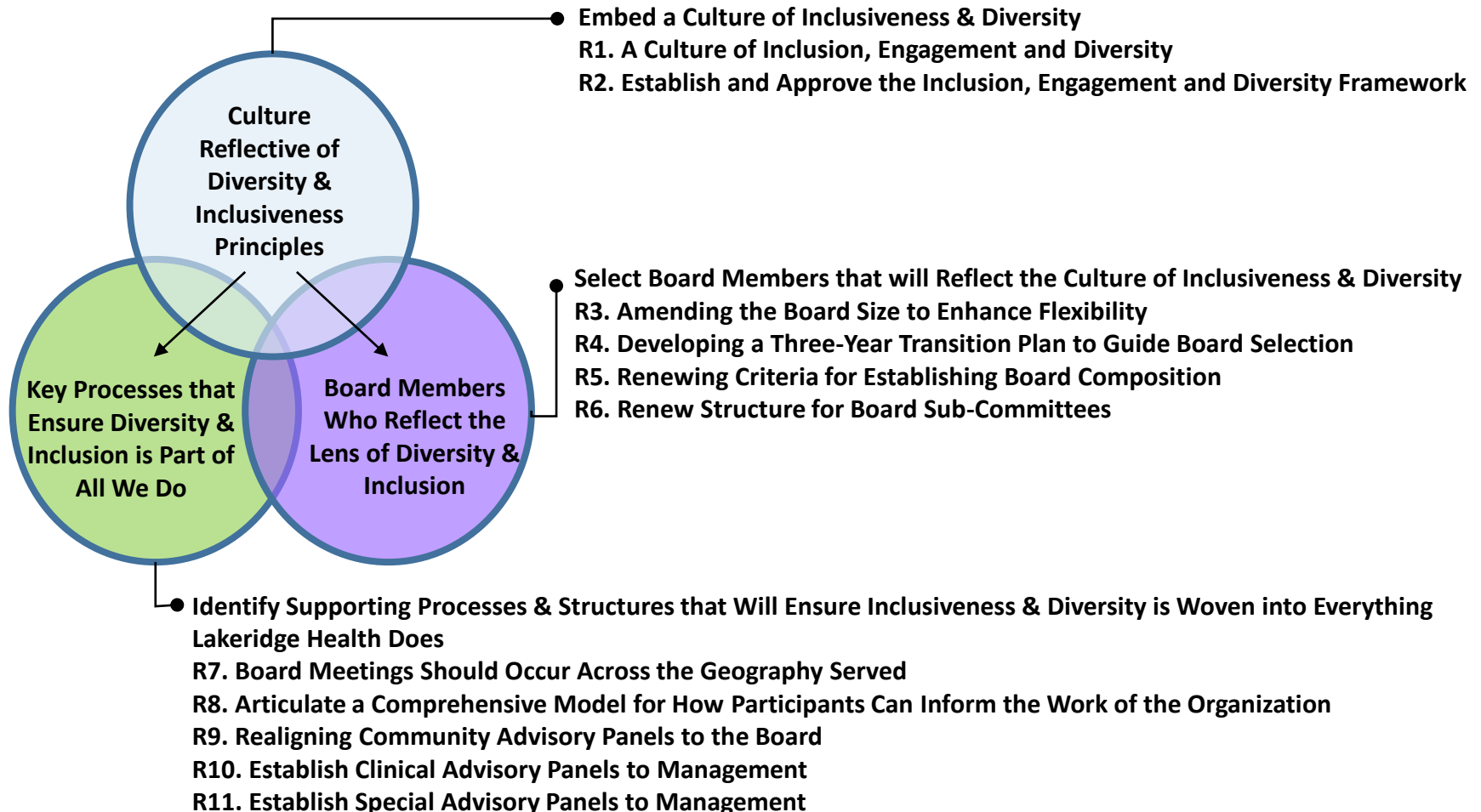
The following sections of the report identify key recommendations to help Lakeridge Health continue along this journey of inclusiveness, engagement and diversity.

Lakeridge Health’s New Inclusion, Engagement & Diversity Framework will guide the selection of Board members; selection of key individuals who are supporting Board related work; and will be woven into key processes to ensure the voice and experience of many help inform and support Lakeridge Health to achieve its vision:
Excellence – every moment, every day.



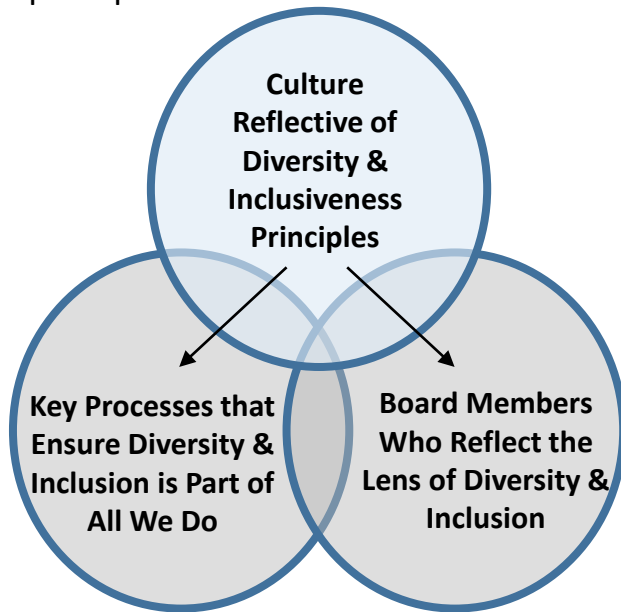
Section 4: Building Recommendations to Advance the Board

The review of Board policies to reflect a mandate of being more inclusive, engaging and reflective of diversity resulted in the identification of 11 recommendations assigned across three themes to ensure good governance. These recommendations will drive the culture, selection of board members, and inform key processes – governance and operational.



Section 4.1: Recommendations to Build the Culture

The review of Board policies to reflect a mandate of being more inclusive, engaging and reflective of diversity identified two (2) recommendations to build a culture at Lakeridge Health reflective of diversity and inclusiveness principles.



Proposed Recommendations for Consideration:

- R1. **A Culture of Inclusion, Engagement and Diversity.** Develop and adopt a Lakeridge Health Board Corporate Policy that will drive the culture of the organization by embracing inclusion, engagement and diversity in the planning, delivery and evaluation of all aspects of health service delivery for the entire region covered by the organization in a fair and equitable manner. *Action: Determine if the policy is an amendment to an existing policy or a new policy.*
- R2. **Establish and Approve the Inclusion, Engagement and Diversity Framework.** An Inclusion, Engagement and Diversity Framework will be established and approved by the Board to ensure all aspects of Lakeridge Health work reflect the principles of inclusion, engagement and diversity. This includes: Board Member Selection (e.g., who is selected as a Board member); Board Related Work (e.g., guide selection of Community Advisory Panels, guide engagement strategies); and other hospital-based initiatives. The Framework has well defined lenses to support an inclusive, engaged and diverse culture at Lakeridge Health. Lenses reflect: geography, gender, race and ethnicity, socio and demographics, indigenous and French voice, and ensure requisite skillsets are represented on the Board. Need to develop supporting education, training and communication tools to inform individuals of the new policy.

Section 4.2: Recommendations to Select Board Members

The review of Board policies to reflect a mandate of being more inclusive, engaging and reflective of diversity identified four (4) recommendation to select Board members who reflect the principles of diversity and inclusion.



Proposed Recommendations for Consideration:

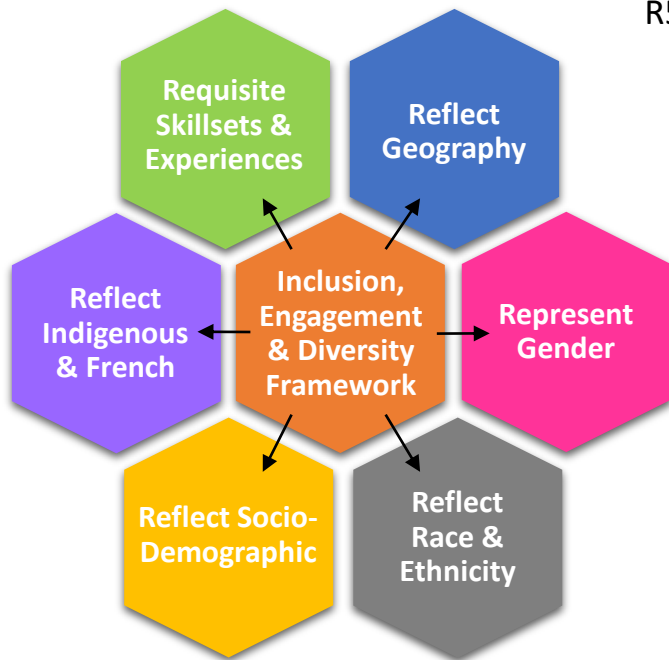
- R3. **Amending the Board Size to Enhance Flexibility.** Amend existing Lakeridge Health Board Corporate Policy to support the recommendation that board size should be between 12-18 members. The Board size range will provide Lakeridge Health with flexibility over the coming years to adjust the Board composition to ensure it is reflective of geography served and have the requisite skillsets. Note: While there must be 12 members on the Board at all times, the Board is not required to fill all 18 member positions at any point in time.
- R4. **Developing a Three-Year Transition Plan to Guide Board Selection.** To support the Board membership over the coming few years, it is recommended that Lakeridge Health develop a three-year Transition Plan that will guide Board selection that is reflective of the changing catchment areas and the people served by Lakeridge Health, and supportive of the Inclusion, Engagement and Diversity Framework. To achieve the goals of the Framework, the three-year plan is recommended to target Board selection reflective of gender, indigenous, race and ethnicity, and francophone members. The plan should also focus on succession planning that is fair and respectful to existing Board members, and creates a supportive environment for new Board members to be successful.

Recommendations to Select Board Members (Continued)

Proposed Recommendations for Consideration:

R5. **Renewing Criteria for Establishing Board Composition.** Amend existing Lakeridge Health Board Corporate Policy to include criteria to define board composition. Board composition must reflect the following criteria:

- **Reflect Geographic** inclusive of North Durham and Rural, Oshawa, Clarington, Whitby, Ajax, and Pickering;
- **Represent Gender Mix.** Gender mix is a best practice for businesses and corporations. As the gender population that access health care is more women than men, and workforce that is predominantly women – the current gender mix at LH is problematic. Upcoming appointments must seek to address the imbalance.
- **Reflect Race & Ethnicity** of the community served.
- **Reflect Socio and Demographics** of the community served
- **Reflect Indigenous and French** voice of the community
- **Ensure Requisite Skillsets and Experiences** are on the Board



It is recommended that Lakeridge Health seek legal advice to prevent interest groups from selecting Board members that do not reflect the community served; and ensure maintenance of the Framework. Supporting education and communication tools will be required to inform the Board, Management and the broader Lakeridge Health staff of the new Framework.

Recommendations to Select Board Members (Continued)

Proposed Recommendations for Consideration:

- R6. **Structure for Board Sub-Committees.** Amend existing Lakeridge Health Board Corporate Policy to enable Board Sub-Committees to have non-Board members on the Committees (e.g., initial target of two (2) non-Board members), and that these members should bring forward different perspectives reflective of the community served to ensure diverse viewpoints and interests are reflected in the discussions. For example, young adults reflect a growing population group and provide an important voice however they are often excluded from board selection processes because they do not have prior governance experience. This expanded membership approach will ensure additional thoughts, thinking and voices will support discussions and guide advice to the Board. This approach will also enable Lakeridge Health to attract new leaders and creates a new pool to recruit new Board members from.

Section 4.3 Recommendations to Advance Key Board Processes

The review of Board policies to reflect a mandate of being more inclusive, engaging and reflective of diversity identified five (5) recommendation to advance key processes that ensure diversity and inclusion is part of everything Lakeridge does.



Proposed Recommendations for Consideration:

R7. Board Meetings Should Occur Across the Geography Served.

Amend existing Lakeridge Health Board Corporate Policy to support the recommendation that Board meetings be held at different Lakeridge Health locations across the geography served. A clear schedule should be developed, published and communicated. It is also recommended that when the full Board is meeting at different locations area, members of the Community Panels attend the meeting in their geography and present their report to the board.

R8. Articulate a Comprehensive Model for How Participants Can Inform the Work of the Organization (see Appendix A).

To support the inclusive, engaged and diverse culture Lakeridge is continuing to build, individuals need to be clear how they can support the organization. A sample chart will be developed that identifies how individuals may participate, what are the requirements and expectations, and how they can become involved. Key means to participate may include: Board Member, Board Committee, Board Sub-Committee or Task Force, Community Advisory, Clinical Group). Lakeridge Health is recommended to seek new/additional participants to contribute to Board related functions to ensure new thoughts and input are incorporated into planning efforts and help to extend the reach of the organization. All selection processes must adhere to the framework of Inclusion, Engagement and Diversity (e.g., reflect the geography served, gender mix, social and demographic).

Recommendations to Advance Key Board Processes

(Continued)

Proposed Recommendations for Consideration:

- R9. **Realigning Community Advisory Panels to the Board.** Amend existing Lakeridge Health Board Corporate Policy for Community Advisory Panels to report to and advise the Board and not Management. Community Advisory Panels should meet 3-4 times per year at a minimum, and the Community Advisory Panels should report back on their work to the full Board at least once a year. The Advisory Panels must also adhere to the framework of Inclusion, Engagement and Diversity (e.g., reflect the geography served, gender mix, social and demographic). Note: Current advisory panels are viewed as institutional-based where they are tied to a specific Lakeridge Health institutions. These panels should be renewed to reflect the proposed geographical areas to ensure a clear focus on the population area and their specific needs, while also ensuring an ongoing focus on supporting and serving the broader Lakeridge Health corporation.
- R10. **Establish Clinical Advisory Panels to Management.** Establish Lakeridge Health Board Corporate Policy to create Clinical Advisory Panels that will report to and advise Management in specific clinical areas. These may include: Cancer, Renal, Women and Children, and Mental Health (e.g., link to Lakeridge Health Program Structure). Clinical Advisory Panels should meet 3-4 times per year at a minimum, and the Clinical Advisory Panels should report back on their work to the full Board at least once a year. The Clinical Advisory Panels must also adhere to the framework of Inclusion, Engagement and Diversity (e.g., reflect the geography served, gender mix, social and demographic). To support the Panel members to be successful, education on the purpose of the Panel and expectations of members should be provided.

Recommendations to Advance Key Board Processes

(Continued)

Proposed Recommendations for Consideration:

R11. Establish Special Advisory Panels to Management. Establish Lakeridge Health Board Corporate Policy to create Special Agenda Panels (e.g., one-time panels with a clear focus but generally time limited) that will report to and advise Management in specific areas of focus where the Board needs key knowledge, experiences and input (e.g., mental health opioid use). Special Advisory Panels will be established and meet as required but are generally time limited, and the Special Advisory Panels should report back on their work to the full Board. The Special Advisory Panels must also adhered to the framework of Inclusion, Engagement and Diversity (e.g., reflect the geography served, gender mix, social and demographic).

Section 5: Building the Transition Plan

Good governance must be reflected by appropriate Board structure(s), Board processes, and a Board culture.

To meet these goals, Lakeridge Health is seeking to create an inclusive culture which prizes and values diversity. To meet the mandate of being accountable to those it serves, it must nurture a culture of inclusion, engagement and diversity that values a variety of perspectives; reflects the needs of all people living in its catchment; nurtures and builds flexible organizations to meet the evolving needs of people; and builds processes and supports that respects the population's diversity and continually listens to their input.

The review of Board by-laws to reflect a mandate of being more inclusive, engaging and reflective of diversity resulted in the identification of 11 recommendations assigned across three themes to ensure good governance. These recommendations will drive the culture, selection of board members, and inform key processes – governance and operational. The following summarizes recommendations:

Embed a Culture of Inclusiveness & Diversity

- R1. A Culture of Inclusion, Engagement and Diversity
- R2. Establish and Approve the Inclusion, Engagement and Diversity Framework



Select Board Members that will Reflect the Culture of Inclusiveness & Diversity

- R3. Amending the Board Size to Enhance Flexibility
- R4. Developing a Three-Year Transition Plan to Guide Board Selection
- R5. Renewing Criteria for Establishing Board Composition
- R6. Renew Structure for Board Sub-Committees

Identify Supporting Processes & Structures that Will Ensure Inclusiveness & Diversity is Woven into Everything Lakeridge Health Does

- R7. Board Meetings Should Occur Across the Geography Served
- R8. Articulate a Comprehensive Model for How Participants Can Inform the Work of the Organization
- R9. Realigning Community Advisory Panels to the Board
- R10. Establish Clinical Advisory Panels to Management
- R11. Establish Special Advisory Panels to Management

To assist Lakeridge Health in moving forward with the renewal and implementation of recommendations, CSI has provided a high level plan to guide planning efforts. While we recognize considerable discussions will be required at the Board level, the plan provides our high level plan for how the recommendations may be rolled out.

| Focus | Immediate Priority | Immediate Next Steps |
|--|--|--|
| Embed a Culture of Inclusiveness & Diversity | <ul style="list-style-type: none"> <li data-bbox="426 322 890 408"> R1 A Culture of Inclusion, Engagement and Diversity <li data-bbox="426 436 890 536"> R2 Establish and Approve the Inclusion, Engagement and Diversity Framework |  |
| Select Board Members that will Reflect the Culture of Inclusiveness & Diversity | <ul style="list-style-type: none"> <li data-bbox="426 579 890 665"> R3 Amending the Board Size to Enhance Flexibility <li data-bbox="426 694 890 793"> R4 Developing a Three-Year Transition Plan to Guide Board Selection <li data-bbox="426 822 890 908"> R5 Renewing Criteria for Establishing Board Composition | <ul style="list-style-type: none"> <li data-bbox="1000 808 1421 893"> R6 Renew Structure for Board Sub-Committees  |
| Identify Supporting Processes & Structures that Ensure Inclusiveness & Diversity is Woven into Everything Lakeridge Health Does | <ul style="list-style-type: none"> <li data-bbox="426 951 890 1051"> R7 Board Meetings Should Occur Across the Geography Served <li data-bbox="426 1079 890 1165"> R9 Realigning Community Advisory Panels to the Board | <ul style="list-style-type: none"> <li data-bbox="1000 951 1653 1051"> R8 Articulate a Comprehensive Model for How Participants Can Inform the Work of the Organization <li data-bbox="1000 1079 1576 1150"> R10 Establish Clinical Advisory Panels to Management <li data-bbox="1151 1193 1731 1265"> R11 Establish Special Advisory Panels to Management (Time Limited Panel) |

Appendix

Appendix A: Sample of a Comprehensive Model for How Participants Can Inform the Work of the Organization

To support the inclusive, engaged and diverse culture Lakeridge is continuing to build, individuals need to be clear how they can support the organization. The following chart identifies how individuals may participate, how they can be come involved (e.g., process to get on to a committee or panel), and what are the requirements and expectations. *Note: All selection processes must adhere to the framework of Inclusion, Engagement and Diversity (e.g., reflect the geography served, gender mix, social and demographic).*

| Participation Category | Process to Become Involved | Requirements & Expectations |
|--------------------------|----------------------------|-----------------------------|
| Board Member | | |
| Board Committee | | |
| Board Sub-Committee | | |
| Task Force | | |
| Community Advisory Panel | | |
| Clinical Advisory | | |
| Special Advisory Panel | | |
| ... | | |