**That** is simply connector. It shows that a clause forms part of a larger sentence.

I know. He is innocent. (Two separate sentences)
I know **that he is innocent**. (One larger sentence in which the clause ‘he is innocent’ becomes the object of the verb know.)

A **that-clause** can be the subject or object of a verb.

**That she should forget me so quickly** was rather a shock. (Here the that-clause ‘that she should forget me so quickly’ acts as the subject of the verb was.)

I knew **that he wouldn’t come**. (Here the that-clause ‘that he wouldn’t come is the object of the verb knew.)

**Preparatory it**

**It** is often used as a preparatory subject or object for a that-clause.

**It** surprised me **that he was not yet ready**. (More natural than ‘That he was not yet ready surprised me.)

**Verbs in that-clauses**

After certain words like **insist, demand, suggest, recommend, ask, vital, important and essential**, **should + infinitive** is used instead of ordinary verb forms.

Mother **suggested** that I **should consult** a doctor.
She **insisted** that I **should go** at once.
It is important that the meeting **should start** on time.

**Omission of that**

In an informal style **that** is often left out.

She said she didn’t understand. OR She said **that** she didn’t understand.
It is strange he hasn’t written. It is strange **that** he hasn’t written.
I thought you were in New York. I thought **that** you were in New York.