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**Avon & Wiltshire Mental Health Partnership  
NHS Trust**  
Board Evaluation: Final Report

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## 1. EXECUTIVE SUMMARY

For our interim report submitted in April 2013, we attended board and committee meetings, reviewed the terms of reference of board committees, agendas papers and minutes of board and committee meetings, we interviewed executive directors, non-executive directors, senior managers and clinical directors.

For this final report we have met the whole Board in a development session, attended a post-Board evaluation session, attended a further committee meeting, interviewed an additional non-executive director, executive director and director, the Chairman and Chief Executive. We reviewed the agendas papers and minutes of further board and committee meetings. We have reviewed the Integrated Business Plan (IBP) and Organisational Development (OD) strategy. We have tracked the treatment of key issues such as cost improvements through the board and committee structure. We have interviewed staff side representatives. We have also provided direct advice to the Trust in the drafting of terms of reference and the development of board logistics and format.

It is our view that the Board's position today has improved further since we reported in April and that the Board has advanced sufficiently to be able to make a convincing case for Foundation Trust status.

**Board and committee structures** are clear, effective and comply with the requirements of good governance.

**Responsibilities and accountabilities** are clear and the Board has taken effective action to achieve the requirements of good governance.

**Scrutiny and oversight** by the Board of Directors is effective and the Board has achieved the requirements of good governance.

The Board has taken effective steps to acquire and ensure it receives the **Information** it needs to fulfil the requirements of good governance.

In a notable change since our interim report, the Board now meets the requirements of good governance of **Risk**.

The Board has taken further steps to fulfil the requirements of good governance in the domain of Board **Capability** and now fulfils those requirements.

The Board now satisfies the requirements of good governance in the area of **Planning and decision-making processes**,

The Board is currently demonstrating that it is meeting the requirements of good governance in its **Engagement** with users and carers, and is continuing its efforts to demonstrate this to staff.

The Board is continuing to achieve the requirements of good governance in assuring itself that there are **Sufficient personnel**.

The Board now fulfils requirements for good governance in setting its **Agenda**.

The Board fulfils the **Behavioural** requirements for good governance, and is continuing its efforts to demonstrate this to staff.

As it continues its work to communicate its convictions to staff, the Board is demonstrating that it has met the requirements for good governance in the area of **Culture**.

In another notable change, the Board now meets the requirements for good governance in the area of **Completion**, that is to say, translating its decisions into actions.

In April we reported that the Board was currently and simultaneously reforming itself, the trust management structure and the systems and processes that link them. These changes held out the promise of creating a very effective system of board governance and the effects were already

becoming visible in some areas. Those efforts have been pursued successfully since and the Trust has now achieved a level of board governance appropriate for an NHS Foundation Trust.

## 2. INTRODUCTION

The past history of the Trust has been traumatic. Serious service failings revealed significant shortcomings in the way the trust was governed and managed. A year and a half ago there was a change in the most senior leadership of the trust.

In the spring of 2013 the Board looked back over a year during which very substantial changes in governance and management had been made. Our findings since then support the view that the Board has continued to develop as it makes progress towards becoming an NHS Foundation Trust.

The April report supported the Board's progress as it built upon past progress and continued to prioritise its board development efforts. We report here that the Board can now demonstrate both to itself and to external observers that it has put in place robust effective and sustainable systems of board governance to the standard expected and required of an NHS Foundation Trust.

Some of the work has been structural and procedural, other changes required re-evaluation of attitudes and an adjustment to behaviours. These "objective" and "subjective" issues are of course linked and the focus of our earlier evaluation was to identify the objective measures which would enable the attitude and behavioural changes which in turn would facilitate further objective changes. We find that the Board has acted on those insights and has taken effective action on both fronts.

In the past, in intervening and exercising its leadership in the aftermath of past events, the Board has been operating more in "management mode" than "governance mode". As a result, the Board in general and non-executive directors in particular have been more closely involved in both monitoring and intervening in detailed operational areas than would ideally be the case.

The transition point between governance and management had shifted closer to the point at which services are delivered. The task for the Board was to create the conditions to permit that transition point to be brought back closer to the Board so that the Board leads and governs but does not "manage".

Similarly, the focus on holding the organisation to account, seeking assurance and exercising control, had meant the Board spending less time on the broader and more strategic aspects of its leadership role.

The task for the Board has been to create the conditions which will permit it to devote the greater part of its time to determining the future direction for the trust, translating that into a broad strategy and converting that in turn into detailed priorities and expectations. We find that the Board has taken further steps in that direction.

In April 2013, the composition and structure both of the Board and the accountability framework linking it to operational services were undergoing, or had recently experienced, substantial change.

On the Board, a new Chairman was formally appointed in July 2012, a new Chief Executive took up post in November 2012, an associate non-executive director and new medical director took up post in February 2013, and an executive director of operations was appointed in March 2013. A substantive non-executive position then remained unfilled. That non-executive position has since been filled.

The task of the Board over the last few months has been to combine its re-formation with a process of realignment, redirection and reorientation towards a more conventional vision of the Board's role by creating the conditions which make it possible to do so. We believe that the Board has been largely successful.

Changes to the management structure of the Trust itself have been no less profound. The previous structure of service delivery units has been replaced by one of business units serving localities each headed by a triumvirate of clinical director, managing director and clinical head – but with the clinical director very clearly "in charge". The clinical director appointments were made by the end of February

and the managing director appointments were still being made at the time of our last report in April 2013.

The re-formed Board now needed these new appointments and new structure to fulfil their potential to deliver efficient and quality services. This required recasting the relationship between the Board and management structure. We have found evidence that this is being achieved successfully and that the localities are effectively “in charge”, that Trust systems and processes are embedded at locality level and that the localities are effectively linked to the Board.

The Board needed to create the conditions in which it can hold the management structure to account by appropriate processes which allow the Board with confidence to step further back from current levels of detailed scrutiny and direct intervention. We have seen evidence that this is now in place.

The new Board, the revised management structure and the interaction between them have largely achieved a state of equilibrium and the Board can now demonstrate that its governance efforts have created a state of readiness which fulfil the requirements of the Foundation Trust application process.

### 3. BRIEF

#### 3.1 Board Effectiveness Model

The Trust has adopted a methodology for advancing board effectiveness based on the Board Effectiveness Model developed by the NHS Institute for Innovation and Improvement. The Board Effectiveness Model describes three roles as core to any highly effective board:

- gaining insight and foresight;
- clarifying priorities and defining expectations;
- holding to account and seeking assurance.

The model relies upon the premise that the Board’s ability to perform these roles depends on the effectiveness of various enablers:

- inputs;
- processes;
- systems;
- structures;
- behaviours.

The Board has engaged external support to review the success with which the Board performs the key roles and the extent to which the enablers actually influence the Board’s ability to deliver them.

#### 3.2 Board Governance Assurance Framework

The Board also needs to demonstrate compliance with the requirement of the Board Governance Memorandum component of the Board Governance Assurance Framework (BGAF), that a recent, independent and formal evaluation of the Board and Committees has been undertaken, consistent with the NHS Foundation Trust Code of Governance and supported by a 3rd party that has a good track record in undertaking board effectiveness evaluations.

The Board has therefore sought this external support for an evaluation programme focussed, as a minimum, on the BGAF core dimensions of:

“Hard” dimensions including:

- Board information;

- Governance structure.

“Soft” dimensions including:

- The knowledge, experience and skills of the Board’s membership;
- How effectively meetings of the Board are chaired;
- The effectiveness of challenge provided by board members;
- Role clarity between board members, between the Board and management and between the Board and its sub-committees;
- Whether the Board’s agenda is appropriately balanced between: strategy/performance; finance/quality; making decisions/receiving information; internal/external matters; public/private business;
- The quality of relationships between board members, including any tendency to dominate and the level of mutual trust and respect.

### 3.3 Consolidation

Taking both these longer and shorter term aims together, the Board seeks:

- The outcome of the evaluation;
- Recommendations for improvements;
- Support in designing the Board’s development programme;
- Validation of any relevant previous internal evaluation and identification of changes/improvements already achieved;
- A first output of the review at the end of March 2013 timed to fulfil the requirements of BGAF stage 2 and guide the Board’s actions; and
- To reflect the fact that major Board and management structure turnover is underway and will not be complete before April 2013, a second output by the end of September 2013 timed to support the Board’s evidence submission to and assessment by Monitor.

In September 2013 the Trust requested a change to the timetable to reflect an altered application programme. This final report was deferred at the Trust’s request until November 2013 with an agreed submission date of 22 November 2013.

## 4. APPROACH

The first output and the subject of our interim report was an evaluation based on a review of documentation, observation and meetings and interviews conducted up to Easter 2013.

This provided the Board with an initial view of the effectiveness of efforts to date in order to support it in making further improvements to board governance to be in place by the autumn of 2013 and to focus its programme of collective and individual development.

We worked with the Trust following submission of that report and this final report presents a consolidated and confirmed view reflecting the further general progress which had taken place by then and the specific impact of the new board and management appointments which have now become apparent.

The choice of headings and selection of requirements for good governance for this evaluation has been influenced by Monitor’s licence conditions for Foundation Trusts.

The sections and requirements below correspond broadly to the governance obligations that will fall upon Foundation Trusts specifically as set out in the licence. We have also added other indicators from a wider range of sources including the Foundation Trust Governance Code.

Under each section heading we begin by setting out the conditions which the Board needs to satisfy itself do actually apply. We illustrate those conditions with examples of "what good looks like" in the form of quotations from guidance and reports.

We then set out the results of our initial enquiries by describing what was revealed by examination of appropriate documentation, our interviews and our attendance at meetings. We update that here by reference to what we have observed since.

For the first report we attended two board meetings and one committee meeting. We reviewed the terms of reference of the new board committees, agendas, papers and minutes of several board meetings and meetings of the Board's committees. We interviewed three executive directors, two non-executive directors, two senior managers and two of the newly appointed clinical directors.

For this second and final report we met the whole Board to discuss the outcome of the interim review, we met the Board again in a Foundation Trust development session and also in a post-Board evaluation session. We reviewed further board and committee agendas, papers and minutes. We reviewed the IBP and OD strategy. We attended a further committee meeting. We interviewed a further non executive director, a further executive director, a (non Board) director and the Chairman and Chief Executive. To gain views from beyond the Board we interviewed staff representatives. We sought to interview CCG representatives but they declined to co-operate. We have also provided direct support to the Trust in its revision and improvement of board committee terms of reference, board logistics and support..

We conclude each section by reflecting on what we have learned from the documentation, interviews and meetings by setting out our findings and recommendations comparing the situation in April with that now.

## 5. BOARD AND COMMITTEE STRUCTURES

### 5.1 Requirements for good governance

- Board and committee structures are effective, clear and integrated
- Logistics and support are effective.

### 5.2 Illustrations of best practice

The "Healthy NHS Board" proposed tests that the Board should take into account when considering its committee structure:

- Are the proposed functions of the committee really board functions or are they executive functions?
- It is a standing committee really required - or can the task be undertaken by a short-lived group?
- Are there good reasons why the proposed functions cannot be carried out by the whole Board?
- Is the committee being established because of one major incident or issue is it a proportionate response?
- Does the creation of the committee reduce clarity of role or create slack alignments between other committees of the Board and the Board itself?

"Taking it on trust" observed that many trusts give their single source of assurance as reporting to, and monitoring by, various boards and committees, but do not give any indication of the rigour of the

activity. The only real assurance this provides is who might be accountable in the event of a risk becoming an issue.

It went on to observe that feedback to the board [from committees] was often a weakness, with minutes of the audit committee and other subcommittees being noted rather than discussed, or feedback happening informally between non-executives outside the meeting.

### 5.3 Terms of reference, agendas, papers and minutes

With effect from 1 April 2013 the Board's committees are:

- Appointments,
- Audit and Risk,
- Employee Strategy and Engagement,
- Finance and Planning,
- Charitable Funds,
- Quality and Standards,
- Remuneration.

We reviewed the terms of reference and the minutes of the Audit and Risk, Finance and Planning, Quality and Standards and Employee Strategy and Engagement committees. The other committees are not considered critical to the purpose of this evaluation and are not considered further here.

Non-executive directors serve on all these committees. The membership of Audit & Risk is (properly) 100% non-executive and there is a designated (minority) executive director membership on the others.

The terms of reference provide that the Board chooses the non-executives to serve on the committees and the chair of each. The size of the non-executive "pool" makes it inevitable that a non-executive will serve on more than one committee but the recent non-executive recruitment will improve matters here.

The Chairman has been, unusually, a member of the Audit Committee. He has not been attending recent meetings but we would prefer that the new terms of reference (which already make it clear that the Chair is not among those who may be invited to attend nor act as substitute member) should also be specifically excluded from membership.

In addition to the full or acting board directors who are members, significant numbers of staff have been in regular attendance at the Board and committee meetings. We had been concerned in case this indicated an excessive level of operational detail being dealt with at board committee level and altered the effective non-executive to executive balance. What we have observed since however is that the nature of that attendance and contribution has evolved to support the link between the Board and the localities in what appears to us to be an appropriate and effective manner.

The length and content of certain committee reports and minutes also illustrated the high level of detail being dealt with at committee level and the level of operational detail being dealt with at committee level was not ideal for what ought to be *governance* committees. We have observed since that while committee scrutiny and discussion continues to delve into detail it does so on a more selective and focussed basis and where necessary to achieve assurance.

Previous board minutes indicated that the committee reports back to the Board were generally just noted and with the problems reported listed in the minutes, without, according to the board minutes, the Board taking ownership of the issues raised. There was little recorded discussion. This has been changed for the better. The new format of committee chair's reports and the new and improved practice of those chairs in presenting those reports has substantially improved the process and effectiveness of committee reporting.

There had been evidence of recognised timing issues related to the scheduling of committees and Board meetings, this impacted particularly on the ability of committees to report pending agreement of their minutes at the next meeting. This system has been changed for the better and committees now report on the basis of draft minutes effectively circumventing the scheduling issue and materially improving the timeliness of their reports.

These four committees (including Audit) had allowed any non-executive to come in place of a non-executive who could not attend a meeting. Other boards have been more restrictive about deputies at committee meetings. We are therefore pleased to see the recent change to exclude the Chair from attending the Audit & Risk committee and other committee chairs from attending committees other than their own.

The terms of reference also say that any board member can attend the committee meetings. We would prefer that this did not apply to the Audit committee but since its remit also covers Risk, and as this was an area (as we shall say later) where the Board needed to improve its approach, we can see the current logic for this departure from normal practice. It should however be kept under review.

The new terms of reference have been aligned with the membership schedule and certain references we had identified in our original report have now been updated

For reasons of accountability and clear reporting, it must be clear who is actually participating in the Board and committee meetings. Minutes which were previously not entirely clear about those in attendance who were actually sitting at the table and participating in the board meeting as opposed to those who were occupying the "public" seating are now clear about that distinction.

Previous inconsistencies between the status of papers (noting or for decision etc) as shown on the agenda, the cover sheet of paper and the paper itself have now also been eliminated.

The status of papers and reports to committees does now clearly and consistently indicate a reason why they are brought to the Board and committees and the action the Board or committee is requested to take.

The previous use of jargon, acronyms, imprecise language (including inconsistent use of terms) and frequently occurring idioms has now been substantially reduced.

We have seen evidence in the minutes of all committees of the effective relationship being built between the Board and the localities through the localities' interaction with the committees.

#### 5.4 Interviews and Meetings

Directors evidenced their clear and correct vision of the board committee's role. One described it as "the formal final point at which assurance, or the lack of it, is pinned down". Another described how they were doing the detailed scrutiny in committee and making their own judgements so that the Board can make more informed decisions. Directors demonstrated that they understood the distinction between "reassurance" and real "assurance" and told us how assurance now was coming from the committees.

As one director put it, committees are monitoring performance against plans appropriately when they are asking "has the thinking been done?" and "what was the process by which you came up with this?"

Board and committee papers and meetings provide increasing evidence that this insight is reflected in the nature of the questions being asked.

Directors drew a clear contrast between the current and previous situation and painted a positive picture of the progress which had been made in contrast to the starting position which was characterised by committees being "unfocused and not linked to the Board".

The contribution of the Chairman in introducing the concept of delegated powers was acknowledged and illustrated by evidence about reports which had been scrutinised and found to be unready to be submitted to the Board. Directors spoke of their clear understanding of their responsibility to take action, including rejection of submissions, which in their view do not reach the required standard. We

saw further evidence of this recently when directors in committee clearly and robustly identified that the information to support assurance had not been provided.

One director said "We are much clearer than we were and are moving to a fairly standard structure. We still have some cultural and mechanical work to do". Our document review and observations since our earlier report support the view that that work is being undertaken successfully.

Directors of both kinds acknowledged freely that the relationship between executives and non-executives could be adversarial and saw the contribution properly functioning committees could make to achieving proper governance. This insight is reflected in the nature of non-executive contributions to the committee meetings and board meeting we witnessed.

Directors were candid about the scope for improvement with logistical arrangements. For example, we heard that although committee chairs' reports were made to the Board, there had been a risk of these becoming formulaic following a set supplied format. We have seen that this has since been addressed.

We saw for ourselves the difference between the very brief, formal and notional reports recorded in previous minutes and the much fuller contributions that we actually witnessed at the board meeting we observed. We have since observed the further and positive effects of the new approach to committee reporting which has subsequently been adopted.

Directors also told us that sometimes matters do not get co-ordinated as efficiently as they should. They acknowledged that timing is crucial and told us that each committee needs to see relevant board papers far enough before they go out to the Board to be able to add something. They demonstrated their awareness that the value added by committees is questionable if the same people ask the same questions and get the same answers at both the committee and subsequent Board.

We have seen and heard evidence that this issue of duplication and repetition is becoming increasingly recognised and is reflected in a developing approach to committee scrutiny.

Recent improvements have tended to address the concern that committees lacked a clear and common protocol and there may have been both gaps and overlaps between them and the need for processes linking the committees. The process of board and committee work planning has improved and has supported better integration. A new and regular meeting between the committee chairs is driving that integration.

We had been told that directors "have to take on trust what has happened in other committees that you are not on". For example a director told us that they relied on their confidence in the chair of one committee as the basis for their trust that things are happening, but that the working of the committee "is not visible to me because I am not on that committee".

More recently we have heard evidence of the improvement made expressed as "reporting into the Board and committees gives me increasing confidence. The improvement in the committee chairs reports and the rebuilt committee structures are helping us to be talking about the right things at the Board".

The need to repeat the improvements made to the board committees with the trust's management committees remains although we were told that the effective link to localities at committee level is becoming "the point where oversight and scrutiny on behalf of the Board ends and management begins".

One director described the most recent improvements as "the Board is starting to motor – the committee work was really good" and another "the committees are really starting to show their worth".

The improvements which have been made to the role and operation of the committees are becoming embedded and visible to those beyond the Board. The link with localities is particularly significant. One senior manager told us how previously it had not been clear which committee was responsible for what area resulting in reports being presented to multiple committees and duplicated scrutiny. Another senior manager told us that in their perception the committees had not yet all become equally clear about their role and how they connected to the Board. More recently we were told by a committee

chair that "the locality team presented to us and gave us confidence that they are in control. They knew the issues and they knew what to do. They know what they are about."

The Board's positive approach to transparency, as demonstrated in the full meeting, provides good opportunities for staff to see for themselves how the relationship between the Board and its governance committees is now increasingly effective.

### **Conclusions**

The choice of committees, their areas of operation and terms of reference are appropriate and fit for purpose.

The new clarity about the remit of committees is welcomed both by those on and beyond the Board as a significant improvement upon the previous situation which was generally felt to be, at best, confusing.

The committees have now had the further time they needed to gain experience of working in their new configuration and have become more effective in supporting the Board to gain assurance.

Members of the Board continue to undertake scrutiny of a considerable level of detail but where it is necessary to do so. Our view is that as the new accountability framework based on localities becomes increasingly embedded the Board will be seen to have created the conditions which will allow both the Board and its committees to operate at a more strategic level than either have in the past.

The support the committees are giving to the Board previously had been compromised by the observation that each operates in a "silo" not sufficiently visible to other committees or to members of the Board. We can now see the positive impact of the work that has been done to improve the exchange of information between committees and the Board and the coordination of their respective roles. In particular, the Board has made improvements to the work planning, coordination, timing, papers, minutes and board reporting arrangements for committees.

In our original report we recommended that the Trust took action to keep the level of operational detail in committees under constant review, that it take action to review membership and make other corrections to terms of reference, that it make improvements to the co-ordination and exchange of information between committees and the Board and that there should be a review of the operation and structure of management committees.

**The Trust has taken effective action to address these recommendations and now demonstrates compliance with the requirements of good governance under this heading.**

## **6. RESPONSIBILITIES AND ACCOUNTABILITIES**

### **6.1 Requirements for good governance**

- Clear responsibilities for the Board of Directors, committees and staff.
- The respective roles of Chair and Chief Executive, executive and non-executive directors are clear.
- Clarity of roles is matched by clarity of reporting lines.
- Clear accountabilities for senior managers within a clear framework which extends throughout the organisation and which focuses on quality of care.

### **6.2 Illustrations of best practice**

The "Foundation Trust Governance Code" describes the board of directors' role to provide effective and proactive leadership of the NHS Foundation Trust within a framework of processes, procedures and controls which enable risk to be assessed and managed.

It goes on to say that the board of directors should set the NHS Foundation Trust's vision, values and standards of conduct and ensure that its obligations to its members, patients and other stakeholders are understood, clearly communicated and met.

The Code is clear that it is the board of directors which is responsible for ensuring compliance by the NHS Foundation Trust with its terms of authorisation, its constitution, mandatory guidance issued by Monitor, relevant statutory requirements and contractual obligations.

Furthermore, the code reminds boards that the board of directors as a whole is responsible for ensuring the quality and safety of healthcare services, education, training and research delivered.

In reviewing the reasons behind the rejection of some applications for Foundation Trust status, Monitor has said that it is looking for evidence that boards accurately understand the quality of the care their organisation provides, and that this is seen as a responsibility of the entire board, not only the medical and nursing directors.

Monitor has explained how it expects to see evidence that trusts' boards are committed to continuous quality improvement, and have put in place the tools to address poor performance. There should be a culture where the quality of patient care (clinical effectiveness, safety and patient experience) is the primary concern of all staff. Furthermore, trusts should also demonstrate that they have reviewed recommendations from reports and inquiries into other NHS trusts, in order to ensure that they benefit from the lessons learned.

### 6.3 Agendas, Papers and Minutes

Past board minutes had indicated that the burden of responsibility was unequally shared between executive directors and that the balance of responsibility for service delivery on the one hand and performance reporting on the other was unclear. We now see improvement in both these areas.

As we have observed in the previous section, the minutes and papers have shown in the past that board committees have been dealing with a level of operational detail which should ideally be dealt with by management. This has evolved and evidence of a more selective and focussed approach is to be seen.

Minutes also indicated the rarity of executive challenge (and the fact that they mainly discuss, and are asked to comment on, their own areas) and the work that remained to be done to encourage the executive directors to see their role as board directors, as well as functional directors. We have since seen increasing evidence of such executive input.

Board minutes and papers record the action being taken to introduce a completely revised accountability framework linking the Board to the provision of operational services in localities.

### 6.4 Interviews and meetings

Directors readily acknowledged that operational, clinical leadership and reporting duties had been unevenly distributed amongst the executive members of the Board in the past. This has already been rectified by the appointment of a new Operations Director, Medical Director and the implementation of revised reporting arrangements. In particular, we heard that clinical quality is now a "shared endeavour between the nursing and the medical directors".

We heard positive feedback both from and beyond the Board about the impact of the Chief Executive's efforts to clarify accountabilities. Board directors told us that they were optimistic about the new structure because "a lot of high quality and very experienced thinking is behind it."

In particular, we collected a number of expressions of confidence in the Chief Executive illustrated in one case by expression of appreciation and enthusiasm for "his compliance model based on a limited number of key measures."

We heard expressions of confidence that the arrangements would become clearer once the current reorganisation was fully in place. As one director had put it "The accountability framework is not yet clear because we are in a state of flux. We have honed in on pockets of poor performance while

seeking to spread good management throughout the trust." Recent evidence suggests that the promise of that reorganisation is now being fulfilled.

From those beyond the Board we received encouraging feedback. A clinical director told us "I am clear what is expected of me. The quality matrix has been radically simplified. The seven parameters are very clear. Iain is setting the tone. I know that three of his domains are key for me: leadership, relationships and quality and I know he sees me as responsible for them."

Another clinical director described the clarity of accountability as different in different areas but added "I know that real focused work is going on to make sure people understand. This involves making sure that ward managers know they are accountable for their wards. We are trying to get out a very clear message "sort it" or "escalate it".

What had been coming from the Board, we were told, is a clear message that joint or shared accountability is not the way. "The Board is saying that only one person, the clinical director, is accountable."

An executive director described how "We are working towards something which is much clearer than it was, we are much clearer now. I am clear about my responsibilities and I hope that people in my directorate are clear too."

We heard how directors were much more actively going out into the Trust to look for themselves and we heard endorsement of the value of non-executive director visits. We know that such efforts have continued. We heard from the staff side that the tours of executive directors, particularly the Chief Executive, to outlying areas were appreciated by staff – the challenge was to maintain that sense of "presence" when those directors had left and do more to help staff feel engaged and counter any feeling that the Board was aloof.

Directors acknowledged that a legitimate past criticism of the Trust was that it was too passive. They compared that with the present position where "We want managers to manage and leaders to lead - but without getting into a state of anarchy".

Directors indicated the need to keep control but delegate authority, to allow the leadership in the directorates to grow without an over bureaucratic involvement in determining how they are managed. As one put it "Models are servants not masters."

The most recent evidence of the impact of the revised accountability and governance frameworks, and the particular impact of the localities, supports the view that local clarity about roles and authority is being matched by Board level confidence about competence at locality level with the evidence for that confidence being tested through the committee structure.

Directors' comments demonstrated a substantial change in the attitude of the Board towards clinical management. This was contrasted with the attitude of the previous Board which one characterised as "anybody but a doctor" as opposed to the current situation where all clinical directors are clinicians and all but one are doctors.

Directors demonstrated a clear understanding of the size and complexity of the organisation and the lack of visibility of the Board and the potential for staff in the organisation to feel that the Board did not impact on them at all. The Board might consider the suggestion made to us by the staff we spoke to that Board "surgeries" in localities might be effective.

From a locality perspective, we heard that management accountabilities were becoming much clearer than they were. One senior manager contrasted this with the previous state of affairs when , although they had felt confident about their own particular responsibilities, they had not previously felt that this would have been the same for their peers.

We also heard a view from staff beyond the Board that quality accountability was also now becoming much clearer than it was. This previous confusion was contributed to, we were told, by the fact that under the previous structure business units reported to both the operations director and the nursing director. This has now changed but previously it meant that quality reports were shared. It had been difficult to see where the accountability was lodged and, we were told, it was better now.

It was also encouraging to hear from beyond the Board when we asked about quality that the Board was "pushing that agenda". It was explained to us that senior staff beyond the Board will now be looking to see how the Board deals with a difficult issue. Senior staff will be observing the Board to see both how such an issue is reported to the Board and who and how the Board calls to account.

A clear understanding of their different roles was displayed by the Chief Executive and the Chairman in their respective contributions to a board meeting. The Chairman was managing the board meeting itself, and commenting on the allocation of work between the different board committees. The Chief Executive supported the Board in supplying context and enabling the Board to take a forward-looking and strategic view.

We saw non-executive directors displaying their insight about the distinction between properly examining a budget and the process that led to it and the dangers, as they put it, of being "sucked into looking at more detail". This drew from the Chairman an extremely clear summary of the distinction between the Audit Committee focused on process and other committees focused on process and output:- always informed by the Trust's seven key objectives, each allocated to the committees.

At the board meeting, the Chairman also clearly enunciated the role of committees in supporting the Board by measuring and acknowledging process and setting targets for completion.

The committee chairs' reports to the full board meeting were content rich but concise focusing on key issues requiring the Board's attention. They were also (as we can confirm by having been present in at least one of the committees in question) an extremely accurate reflection of the committee's discussion and its decisions. The formal process of reporting has been improved further since as has the visibility of those reports in the minutes.

A full debate was initiated by a non-executive director who correctly identified the need to be clear about where the governance line falls between the Board and committees on the one hand and management on the other. The Chairman supplied, and the Board indicated its understanding of, a lucid and convincing explanation of the distinction between governance and management.

The Board's decision to improve the accountability framework by the introduction of a system of locality management, evidence of the progress made in establishing the structures and appointing the individuals and evidence of the Board's commitment to both delegate responsibility and monitor effectively ran through the board meeting we observed.

As the Chief Executive confirmed in the meeting, clinical directors will attend board meetings to ensure the direct contact between the Board and each locality. We saw that in practice in observing a board meeting engaging positively with a new locality clinical director who displayed clarity about the new role which was matched by evident board enthusiasm for the new structure founded on the Board's conviction about its potential to deliver quality care.

We observed at a board meeting an explanation of a new quality information system, which collects data from ward level upwards, and brings together action plans into an integrated quality plan. The Board was clear about how this should give increased clarity to individuals throughout the organisation about the Board's expectations of their contribution to, and accountability for, quality.

In the most recent committee meeting we observed we saw a very clear exposition by the non-executive chair and a non-executive member of the general role of the committee and the specific conditions that would have to be satisfied for the committee to be assured about the issue under consideration. This was the committee "holding to account" but it was done logically, clearly, firmly yet without hostility, rancour or ill feeling. We gained a real sense that the equality of responsibility shared by all directors was understood.

## 6.5 Conclusion

In the action that it has taken and in the dialogue with directors that we had, we saw evidence that the Board is mindful that (when it becomes a Foundation Trust) it acquires a new statutory duty under the Health and Social Care Act 2012 which is:

*The general duty of the Board of directors, and of each director individually, is to act with a view to promoting the success of the corporation so as to maximise the benefits for the members of the corporation as a whole and for the public.*

On the basis of the evidence we read, observed and heard, the Board is preparing for this reality and has taken effective action to establish clear and effective frameworks of accountability and responsibility linking the Board to the wider Trust.

It was particularly reassuring to hear from some of those recently appointed to the most senior positions in the localities, such a clear and consistent description of the Board's expectations of them. More recently we have heard equally positive views from board level about the demonstrated competence of the localities.

The Board had devised, clearly understands and is using, the quality governance structure, quality plan and quality information system to monitor and control the effectiveness of these new arrangements. The task for the Board remains to ensure that these arrangements are clearly understood throughout the organisation at all levels.

In our original report we recommended that the Board maintains its focus on clear accountabilities as it implements the systems and processes it has established and seeks every opportunity to establish a body of evidence to demonstrate its commitment to them to staff throughout the Trust.

Subject to our observations about committees (which have since been addressed) we believed in April that the Board had taken effective action to achieve the requirements of good governance under this heading and that, so long as it maintained its focus and used the systems and processes established, it would be able to point to increasing evidence of their effectiveness over the next few months. It has done so.

**The Board demonstrates compliance with the requirements of good governance under this heading.**

## **7. SCRUTINY AND OVERSIGHT BY BOARD OF DIRECTORS**

### 7.1 Requirements for good governance

- There is encouragement and support for challenge by all board members.
- Board directors believe and demonstrate that challenge is healthy and helpful.
- Challenge takes place which is appropriate both in content and tone.

### 7.2 Illustrations of best practice

(Foundation Trust Governance Code) All members of the Board of directors have joint responsibility for every decision of the Board regardless of their individual skills or status.[...] All directors, executive and non-executive, have responsibility to constructively challenge the decisions of the Board and help develop proposals on priorities, risk mitigation, values, standards and strategy.[...] non-executive directors have a particular duty to ensure appropriate challenge is made.

(Foundation Trust Governance Code) Where the Board or individual directors have concerns which remain unresolved, about the running of the NHS Foundation Trust or a proposed action, they should ensure that their concerns are recorded in the board minutes.

### 7.3 Agendas, papers and minutes

We observed healthy non-executive director challenge recorded in the board minutes. There was earlier evidence of particular non-executive directors repeatedly challenging in the same areas, but this has now become more even. There was not much evidence of executive challenge up to our April report but we have seen further examples since. As one director pointed out, and as we observed, the discussion of cost improvements showed very even and open discussion between non-executives and executives.

Quite often there had been a single statement made in response to a non-executive director challenge, and no evidence of it stimulating further discussion, or confirming that the non-executive director was satisfied by the response. More recent minutes show more evidence of issues being pursued to conclusion more rigorously.

There had been evidence of the non-executive directors and others picking out anomalies or points of details in any given report (areas of concern, or matters of clarification), but not actually challenging or discussing the main matter to be approved. This has been particularly visible in the minutes which recorded consideration of the finance report. More recent records show directors testing thinking and reasoning more often.

#### 7.4 Interviews and meetings

Directors had showed awareness of the need to evaluate the nature of challenge. "I am not sure that I know what challenge looks like. People tend to be asking for information or explanation" one said. Two spoke of the need to balance challenge with support. A director told us that the "balance" was better than it was and going in the right direction but acknowledged that while there remained areas where the services still do not perform effectively, questioning about detail remains legitimate.

The Board needed to recognise the effect of perceptions of board challenge beyond the Board. A Clinical Director had told us that "non-executives give everybody a hard time, not just executive directors. Other staff who come to the Board or committee get the same experience. I cannot say that this is unacceptable given where we have come from. But it does feel like you "you can never do it well enough". This is certainly not our observation of the more recent interactions with localities.

More recently we were told by an executive director that "there was an adversarial relationship between the executive and non-executive directors but this is now a very supportive board. The recent strategy work has shown just how supportive and listening the Board has become"

Directors were also aware that challenge had almost always been coming from one direction. One had said "Challenge is almost all from the non-executive side". Another acknowledged that the reason for this might be that "EDs already tend to know the answer. You have already asked the question or you understand the issue or the context better. Between EDs, you tend to take the person aside. "

There had also been a perception both on and beyond the Board that some of the challenge was because of a lack of clarity in advance about the threshold for assurance or the evidence required. As one director put it "Assurance is subjective and based on trust. If one person's assurance threshold requires lots of detail then they will want to be more involved in detail. Their view tends to be influenced by what they have lived through."

The recent evidence suggests that those insights have been reflected in a change of behaviour and that the improvements to board reporting have helped create the conditions where that change becomes possible.

From beyond the Board we had heard frustration about what was required. One expressed this as "This has not been a Board that knows what it wants and asks for it clearly. It is a Board that says that is not what I wanted, do it again." From another we heard: "The committee took several meetings to get a set of data they wanted in the format they wanted. It was not able to think through clearly exactly what it wanted. It is getting better but it's not there yet." Another added: "non-executive directors have been challenging about how papers were written and operational detail rather than why the authors were confident about what they were saying."

More recently a director confirmed the greater sense of clarity, which we have observed in recent minutes and meetings, by saying that "we have made progress. We are closer than we were earlier this year to being clear about what the conditions are for the Board to become assured and we are now moving on to testing that out"

In board and committee meetings, we saw evidence that appropriate challenge was taking place. Non-executive challenge went beyond matters of clarification and explanation, probed specific areas of significant importance and was combined with full participation in the ensuing debate and taking ownership of the outcome.

We also saw more evidence of executive challenge than we have seen in other boards. It was appropriate and focused and had the effect of enhancing the Board's ability to gain assurance and take ownership for the outcomes.

The responses to challenge were thorough, went beyond reassurance and included the contribution of detailed reasons, with examples, of why the Board as a whole either could be assured or might need further grounds for assurance.

In a board meeting we observed meaningful non-executive challenge (for example checking that there were systems to ensure the quality of data input in the new quality information system), and checking that increased SUI numbers in the most recent reported period were not also being seen in the current period (not yet reported).

In committee we witnessed some very robust reaction from three non-executive directors united in their view that a report presented for assurance, rather than for information, contained no metrics against which performance can be measured against the plans set by the Board. As such they felt this was not a basis for assurance and the report was, in effect, rejected. The committee resolved that it would be reworked and presented to the next meeting of the committee.

Non-executive directors also challenged and rejected a proposed reduction in the frequency of executive director site visits agreeing that non-executive directors should themselves visit at least once per quarter as per the objectives set for them by the Chairman at their appraisal.

Non-executives also displayed their sensitivity that if the visits were seen as unwelcome inspections they should be rebranded and re-presented.

The most recent committee we observed provided further evidence that this measured firmness of approach was being maintained when non-executives were clear that the conditions for the Board to be assured about cost improvement plans had not, yet, been fulfilled.

## 7.5 Conclusions

Members of the Board have good insight about the continuing work to be done in order that members of the Board can be confident that challenge is being appropriately practised. They know that an appropriate balance must be struck between challenge and support and between challenge and taking responsibility since all members of the Board are equally responsible for its actions, successes and failings. They are translating this insight into visible improvements in the contribution made by directors to both committee and board meetings.

The Board is continuing to improve the clarity of its expectations about the information it requires and the outcomes it expects. One message that has come across very clearly is that the Board has sometimes been better in retrospect about knowing what it did not want than specifying its requirements in advance. Again, we have observed evidence both in records of meetings and meetings themselves that improvement has been sustained.

Legitimate challenge is always appropriate but sometimes the way in which it is delivered may not be. The atmosphere on the Board should be collegiate without being cosy but being business-like does not require challenge to be aggressive. Directors have told us, and we have observed, that the atmosphere is as it should be.

In our original report we recommended that the Board seek to be clearer in advance about the information it requires to enable it to gain assurance and that directors should continue to draw upon their insights and shared view about what constitutes appropriate challenge and be guided by that awareness as they contribute to the Board.

We reported in April that if the Board continued to maintain the rate of progress which we had then observed and directors continued to translate their insight about the appropriate nature of challenge into their working practice, we believed that the Board was very close to achieving the requirements of good governance. These conditions have been fulfilled.

**The Board now demonstrates compliance with the requirements of good governance under this heading.**

## **8. INFORMATION**

### **8.1 Requirements for good governance**

- The Board can be properly assured of compliance with its general duties, its duty to be efficient economical and effective, its compliance with healthcare standards and that it meets legal requirements and contractual obligations.
- The Board is able to complete the required self certification statement on compliance with licence conditions.
- The Board ensures the measurement of what is important (not just what can be measured) of effects rather than inputs and at an appropriate level of aggregation while still allowing visibility of detail.
- Sufficient information is being received and taken into account for board and committee decision making and that this information is focussed on quality of care.
- Information is of sufficient quality:- accurate, timely, integrated, correlated and relevant.
- The format and presentation of papers and minutes is of sufficient quality.

### **8.2 Illustrations of best practice**

(Foundation Trust Governance Code) The Board of directors should ensure that adequate systems and processes are maintained to measure and monitor the NHS Foundation Trust's effectiveness, efficiency and economy as well as the quality of its healthcare delivery. The Board should regularly review the performance of the NHS Foundation Trust in these areas against regulatory and contractual obligations and approved plans and objectives.

(Foundation Trust Governance Code) The Board of directors should ensure that relevant metrics, measures, milestones and accountabilities are developed and agreed so as to understand and assess progress and delivery of performance.

(The Healthy NHS Board) intelligence about operational performance needs to:

- Provide an accurate, timely and balanced picture of current and recent performance, including patient, clinical, regulatory and financial perspectives,
- Focus on the most important measures of performance, and highlight exceptions,
- Be appropriately standardised in order to take account of known factors that affect outcomes, such as the age and deprivation profile of patients and communities served,
- Integrate informal sources of intelligence from staff and patients,
- Include consideration of assessments from key regulators including comparator information,
- Enable comparisons with the performance of similar organisations,
- Include key workforce indicators, including capacity and capability to deliver future strategy, culture and information on equality and diversity.

(Taking It On Trust) questions for board members to ask themselves [..]: is there a corporate framework in place for the management and accountability data quality? Is there a commitment to secure a culture of data quality throughout the organisation? How do we make clear the responsibility for data quality governance and accountability at all levels of the organisation? Do our clinicians understand the purpose and use of the data collected?

(Taking It On Trust) trusts need to be aware of the quality of their data. They should neither assume it is robust without having systems in place to verify its quality, nor should they assume that apparently poor performance is due to poor data [...] Our overall view was that boards should take a greater lead in improving and assuring themselves about the quality of the data they receive and that their organisation publishes.

(The Healthy NHS Board) the research evidence supports the view that the provision of too much or too little information can be a significant risk to effective board functioning, so the key is to strike a balance between providing sufficient and meaningful information without overloading board members.

(The Healthy NHS Board) [...] There is an increasing recognition that paper-based intelligence can only take the Board so far. Appropriate interaction between the Board and key stakeholders underpins the development of strategy, gives "texture" to ensuring accountability and shapes a culture of openness and dialogue within the organisation.

### 8.3 Agendas, papers and minutes

Board committee papers had been routinely preceded by a cover sheet noting in fairly formal and formulaic fashion the linkage of the subject matter to various formal responsibilities. This seemed to be the main device for connecting how decisions were taken to an awareness of any overriding statutory duties, something the papers did not always manage to do. The papers themselves are now better and clearer.

Board minutes were sometimes written in a way that was unclear to a third party (e.g. repeated use of the word 'this' in sequential paragraphs, rather than using the related noun, leaving a third party unclear whether the 'this' related to the paragraph before, or the general topic). In addition the action initials were not always aligned with the action which made tracking events more difficult for a third party. These issues have all now been addressed as part of a change in the format, content and style of minuting.

Some papers had come to the Board 'for information' (for example the SUI report) when 'for discussion' may have been more appropriate. The monthly incident report had tended to be noted, when the Board ought perhaps to have agreed whether or not further action was needed. In another example, the Chief Executive's comments on the importance of the Trust learning from the events were not translated into a tangible action in the minutes. Please also see section 18 on 'Completion' below where we also refer to the previous and current state of affairs under this heading. As a result of the work done since our last report, we now see much greater clarity about the purpose of board papers.

As a general observation the papers coming to the board meeting we observed seemed fairly succinct and clear. Some papers could be better written, and there is an ongoing need to train report authors, but this is hardly a problem unique to this Trust.

In selection, format and presentation, the performance and monitoring reports coming to the Board showed the impact of efforts to present the Board with comprehensive data, clearly presented. There is evidence that these are being kept under review.

### 8.4 Interviews and meetings

In our original interviews, we had been told by a board director that "We are not always clear why issues are brought to the Board or the expected outcome". In conversations with those beyond the Board we were told that, in the past, those with the ability and inclination to do so developed and applied their own arrangements to monitor local services.

The Board's previous approach to acquiring and reviewing information was seen by some beyond the Board to be haphazard and even random. Senior managers described their frustration at the practice of the Board and its committees in exploring levels of detail and then pursuing subjects which were not, in their view, those of most relevance to the issue at hand. Board members were perceived as spending time and effort to clarify and to learn rather than in testing thinking.

Our earlier conversations about this subject drew expressions of frustration from both board members and others about the Board's previous perceived inability to describe the information required in advance of receiving it. As one put it, "The Board displays its dissatisfaction with what it receives without being clear [in advance] about what it wants". This was also indicated by a director's comment about "the Board being better at saying what it did not want than what it did do want".

In contrast and more recently, as we observed earlier, the greater sense of clarity which we have observed in minutes and meetings is due at least in part to the Board now being closer than before to being clear about what the conditions are for the Board to become assured, a clarity which is now being tested.

In our original interviews, we heard acknowledgement of the efforts led by the Chief Executive to look hard at the information coming to the Board and which was now modelled on the seven domains approach he had championed. This was contrasted favourably by directors with the situation where in the past members of the Board believed they were being told that they had to look at the information which was stipulated for regulation purposes whereas the new Chief Executive's approach would, they felt, drive the Board towards a better model.

In the board and committee meetings we saw directors displaying and sharing a clear understanding about the components of assurance. It was clear at the Board how directors envisaged the combination of the integrated quality plan, quality information system and quality assurance framework to evidence assurance. What was also evident to us earlier in the year, as has been demonstrated since, was the potential for this alignment of systems and processes to enable the Board to redefine and relocate the governance/management boundary.

The discussions also demonstrated that the Board was fully aware of and committed to implementing the implications for committees' terms of reference and changing roles. That commitment has underpinned the progress made since.

The CEO modelled the correct approach to presenting papers. In taking it as read, he was then able to focus on a number of items to highlight, and bring others in on the points he was making. Other members of the Board also adopted the same practice of focussing on the key points when presenting their reports.

In committee we witnessed an example of the difficulty of reaching the right balance between broad and fine detail when reporting. Detailed quality impact reports for cost improvement programmes were not presented to the committee as they would, as the committee agreed, have represented an overwhelming and unnecessary amount of detail. However the report that was presented went too far the other way and did not contain any detail of the quality impact which had been carried out.

It is evident from the minutes of subsequent meetings that the Board and its committees have used such experiences to drive the further improvements now to be seen.

## 8.5 Conclusions

It is clear how the Board envisages the combination of the integrated quality plan, quality information system and quality assurance framework to supply assurance. Subsequent progress has demonstrated the potential for this alignment of systems to relocate the boundary between governance and management from the position, relatively close to operational services, which it has been occupying .

As the "assurance threshold" becomes ever more clearly defined with the operation of the new systems and processes it will be easier for the Board to both define its information requirements and, having received them, step further from operational issues towards a more strategic role.

Earlier in the year we felt that board papers and minutes were generally clear but could be improved. We have shared with the Trust some examples of best practice and the style and content of papers and minutes have been improved They are now at least as good as those of other trusts.. There has been a particular improvement in the clarity of expectations in board papers and outcomes in minutes which we refer to later.

In April we recommended that the Board should be more explicit about its “assurance threshold” and, having done so and taking advantage of its new systems and processes, should seek to relocate the boundary between governance and management. We also recommended that the Board review the content and format of papers and minutes to make them generally clearer but specifically more explicit about expectation and outcomes.

Those recommendations have been implemented and, as noted, the Board had already taken effective steps to acquire the information it needs.

**The Board fulfils the requirements for good governance under this heading.**

**9. RISKS**

**9.1 Requirements for good governance**

- That material risks are identified to the Board and managed and that as part of such a process the Board itself effectively manages strategic risks while being able to assure itself that operational risks are being identified and met throughout the trust.
- That, in addition to a clear system process and attribution of responsibilities, the Board has set a risk appetite.

**9.2 Illustrations of best practice**

(Taking It On Trust) a key challenge for boards is to ensure that they, or a subcommittee, considered both the strategic risks and the major operational ones, without being overloaded by the number or the detail, and did not take on the role of line management. Direct consideration of how operational risks are managed should be delegated to line management. The task of the Board and its subcommittees is to challenge management on the adequacy and effectiveness of the arrangements in place.

(Taking It On Trust) questions for board members to ask themselves [..]: Do we have an accountability framework of the trust that sets out the level of risk that is expected to be managed at each level of the trust. Have we devolved risk management sufficiently and how can we be sure that it is embedded within operational processes and that there is ownership of risk?

(The Healthy NHS Board) The role of the Board and risk management [...] Within the Board itself an informed consideration of risk should underpin the organisational strategy, decision making and the allocation of resources

(Taking It On Trust) where we found risk management working well [...] We found strong leadership, clear ownership of risk and an enhanced scrutiny role;

- Leadership: the right tone from the top is vital for risk management to be fully effective [..]
- Ownership: action plans for managing risk were developed and delivered by those best placed to do so [..]
- Scrutiny: owners of a risk were held to account for process overview and challenge [..]

(Taking It On Trust) operational risks are by-products of the day-to-day running of the trust [...] They are the responsibility of line management and should be identified and managed by the executive, and only considered by the Board on an exception basis.

(The Healthy NHS Board) A more detailed operational risk register will be in use within the organisation. The Board needs to be assured that an effective risk management approach is in operation within the organisation.

**9.3 Agendas, papers and minutes**

There had been evidence in the board minutes that the Trust has been grappling for some time with the risk register, and that there has been lack of clarity about whether the Board can add risks, or whether these have to come up via the sub-registers. What had also been unclear was whether and if

so to what extent the Board has itself been managing strategic risk whilst assuring itself of the proper management of operational risk throughout the Trust.

Since our original report, we have seen convincing evidence of the Board applying itself seriously to considering and revising the management of risk and, then, of going about the task in a much more effective and appropriate way.

#### 9.4 Interviews and meetings

In our original discussions, directors had acknowledged that the balance of responsibilities for risk between directors, between the Board and its committees and between the Board and the Trust as a whole was not yet as it should be. We also heard a view that because the entire risk agenda sat in a clinical directorate it had been managed through a lens of clinical rather than corporate risk.

A director told us how the Board scrutinised the risk register while the risk committee dug deeply into issues on the register across the organisation but acknowledged that they could not say that the Board "managed" strategic risks.

Another director pointed to the Trust's recent history as the reason why many operational risks are seen as strategic risks because they are risks of failure with potential strategic impact and therefore the Board must satisfy itself that they are managed.

A director acknowledged that in the past the risk register was used for action "parking" or to promote particular interests.

Speaking to those outside the Board we had gained the impression that the management of risks nearer to the operational level was more active. What has happened since has had the effect of building upon that local management and integrating it much better into a Trust wide approach.

We heard about monthly reviews by clinical directors and managers to consider the list and promote items to the business unit's risk register. This was followed by discussion with the operations director's team and the management group where the risk register to go to the Board was reviewed as a whole. And we were also told about a new process every 10 days for local items to be reviewed by the triumvirate group.

Even so, the opinion was expressed that this was not yet as dynamic a process as it should be but sometimes there was not much that can be done to manage risks off the register, the example cited being the Bristol tender.

A director originally told us that "We are still as a Board getting lost a bit and not focusing on a few key issues." And, echoing the comments we reported earlier about the lack of visibility of the work of committees, the director added that they understood that this was being addressed in the Audit Committee.

A clinical director felt, also earlier in the year, that the issue was very much acknowledged centrally and risk is being discussed at different levels. Localities are being encouraged to take on risk management as they come into being and will do so through their teams. We were told that localities are all putting a lot of energy and commitment into this.

A senior manager compared the previous situation of lack of discussion about risk with improved arrangements currently which were attributed to the point at which the Audit Committee began to really scrutinise them and behaviours changed.

The work then still to be done was described by a senior manager who acknowledged that in their view risk was not really expressed correctly and came up in a big register that "does not really look like the things we worry about out of the Trust".

In its March 2013 meeting, the Board received its risk report and noted it without discussion. We are aware that this was due at least in part to the (otherwise extremely successful) introduction of "paperless" board papers. However, we also observed that minuted discussion at the previous meeting of the risk report was not reflected in the content or format of the report to the following meeting.

In discussion of agenda items other than the formal risk item, the Board did seem to display sensitivity to strategic risks relating to other issues particularly as they impacted on the safety and quality of the services the Trust provides.

This has improved markedly since. A better board focus on risk was becoming evident in May and then, in June, there was a substantial discussion of the Trust's approach to risk and a strategic "deep dive" in July.

The Trust has been able to embed risk far more in localities while the board risk register is now populated with truly strategic risks. The most recent evidence indicates that risk is integral to the way localities manage themselves and that the Board's mapping of assurances is particularly alert to watching for any gap between the operational and strategic risks. The Audit & Risk Committee is playing a key role in testing localities on this issue in order that the Board may be properly assured.

## 9.5 Conclusions

We reported originally that the Board was only being asked to approve the risk register and comment on the risks and mitigating actions therein (and not to actively consider whether the most fundamental risks to the Trust have been captured) and did not appear to be itself managing strategic risk as it should.

In contrast, there was evidence that at locality level in some areas operational risk was being identified and managed appropriately and energetically but it was difficult to see how this was linked to the wider risk management framework and visible to the Board and its committees.

We recommended that the Board demonstrated a more active approach to risk, that it actively managed strategic risk and took ownership of the risk register. We have since seen evidence that these recommendations have resulted in action.

The Board has implemented the new approach to risk designed into localities from the outset, it has taken ownership of the risk register and is now seen to take real responsibility for the management of strategic risk.

Our previous concerns have been addressed by the action the Board has taken.

### **The Board has met the requirements of good governance under this heading.**

#### 10. CAPABILITY

##### 10.1 Requirements for good governance

- Effective leadership on and reporting to the Board on quality of care
- The way in which the Board is chaired allows and encourages the Board to fulfil its role effectively
- A sufficient general and specific level of knowledge, experience and skills on the Board

##### 10.2 Illustrations of best practice

(The Healthy NHS Board) Chairs face the challenge of attending to the full breadth of the Board's role while ensuring that board meetings do not descend into a gruelling test of board member endurance.

(The Healthy NHS Board) All directors must be appropriately qualified to discharge their roles effectively, including setting strategy, monitoring and managing performance and driving continuous quality improvement. However, over time the strategic challenges facing boards give rise to the need for specific skills, and this requirement must be kept under review in a systematic way. In order to ensure an effective balance of knowledge, skills and backgrounds boards should undertake regular skills audits of current board members.

Guidance suggests that organisations are best served by boards drawn from a wide diversity of backgrounds and sectors. This includes the expectation that board composition reflects the diverse communities they serve.

### 10.3 Agendas, papers and minutes

Our original study of the board minutes suggested that a number of comments made by the non-executive directors or the Chair were then not (apparently) discussed to the point of agreeing to turn them into an action or not. We have found much greater clarity since.

Minutes suggested that non-executive directors were not contributing insight and experience across the whole agenda – but favouring particular areas of interest. We have seen a greater evenness since, aided by the further non-executive appointments subsequently made.

### 10.4 Interviews and meetings

Directors commented on their confidence in the Chairman. "I like the way the Board is chaired and certainly agree with bringing issues into part one". Subsequent interviews have elicited similar expressions of confidence.

In our original interviews, we were told that executive and non-executive directors had not reached the point at which they are equally complimentary about each other and remained readier to identify shortcomings including narrowness of focus, lack of specific skills and issues of behaviour.

We heard a view from directors that the Board was very hard on itself and "gets too angry" coupled with the wish that the Board might find a way of becoming more balanced and positive in outlook.

Directors of both descriptions acknowledged the breadth of experience and expertise around the board table but identified the need for all directors to have a good understanding of how mental health services actually work and are provided and for the skill mix to represent all the skills and insights required. New non-executive appointments since have strengthened the Board.

What we have also seen for ourselves since April and have also heard from directors is evidence of continuing progress in developing the right kind of relationships in the Board. The atmosphere is in no sense adversarial while effective challenge nevertheless takes place. There has been a move away from passive reporting towards more board debate. While directors admit that inhibitions remain, discussion is generally open.

At a full board meeting, we saw the whole Board displaying a proper understanding of the quality of care with effective leadership from the medical director and nursing director. We heard from a director that clinical quality is now a "shared endeavour between the nursing and the medical directors".

The Board was skilfully chaired. In welcoming those present, the Chairman clearly established the purpose and nature of the meeting for the benefit of those present. He brought all the issues into context at appropriate points in the discussion. He supplied occasional explanations for the information of members of the public present. He effectively progressed the business of the meeting ensuring that the Board fully considered all the issues and reached conclusions which he effectively summarised.

This was accomplished while nevertheless allowing an impressive degree of public involvement but not beyond the point at which it became a distraction to the business of the meeting. The Chairman made a clear distinction throughout about the role of the Board and the distinctive role of the Board's management. He balanced criticism and praise appropriately. He enabled each member of the Board to contribute effectively.

We saw more evidence of this in a recent post-Board evaluation which had followed a board meeting where challenging behaviour from a service user had been skilfully managed from the chair.

### 10.5 Conclusions

The whole Board displayed a proper understanding of the primacy of the quality of care and the Medical Director and Nursing Director demonstrated effective shared leadership. Consideration of the

impact on quality informed the discussion of the Board at significant points particularly when decisions came to be made. We also continue to see evidence of how the reconstituted performance systems permit the Board to be properly sighted on this issue.

The Board was chaired skilfully, supportively but also purposefully. This whilst also permitting an appropriate degree of user involvement which, without disrupting the business of the meeting, was another factor helping to keep the Board focused on the issue of the quality of care.

We witnessed a wide range of skills and perspectives being brought to bear around the board table. The development work that the Board will be undertaking over the next few months must contribute to board members being even more willing to recognise and draw upon the skills of others and enable those most recently appointed to the Board to contribute effectively.

A subject for the development of those currently on the Board and the recruitment of those yet to join it is the issue of skill mix. We have seen the board development programme guiding the Board's approach to collective and individual development. In recent interviews, we heard how the Trust is working through internal appraisals to develop skills matrices and how approaches such as "clinical buddying", "intelligent kindness" and "quality huddles" are being brought to bear in support of continuing development. There is an acknowledged issue in that development arrangements for non-executive directors must match those for executives and this work is in progress.

In April we recommended that the Board evaluates and catalogues the knowledge and skills of all its members to support directors in drawing on each other's attributes and in support of future development and succession planning. We have since established that, within the context of the overall OD plan which we have seen, appraisal takes place and objectives and development plans are in place.

Subject to our original observations, we believed in April that the Board was very close indeed to being able to fulfil the requirements of good governance under this heading. The Trust has since taken effective action to address these observations and recommendations.

### **The Board demonstrates compliance with the requirements of good governance under this heading.**

#### **11. PLANNING AND DECISION-MAKING PROCESSES**

##### **11.1 Requirements for good governance**

- A clear and well understood process by which business plans may be generated, submitted and if approved, their delivery monitored and assurance gained.
- The evidence for the return on proposed investment demonstrated, evaluated and monitored.
- There are adequate arrangements for financial decision making, management and control.
- There are effective processes for making evidence based decisions and they are shown to take account of quality of care.
- It can truly be said that the Board sets strategy.

##### **11.2 Illustrations of good practice**

(Francis report) [proposals] should be approved by the Board following an adequate examination of its implications. Reliance placed on the advice of the proposal's chief proponent, should be balanced by attention paid to the opinions of others.

In the case of clinical issues, efforts should be made to establish the views of clinicians. It is important to establish ownership among the staff who will be required to carry out the decision. There should be an impact or risk assessment either to suggest potential difficulties or to identify measurable outcomes that would demonstrate satisfactory performance. Once the decision has set in motion, there should

be proactive assessment of how it was working, the Board should not be merely relying on hearing of concerns.

### 11.3 Agendas, papers and minutes

We noted in April that, particularly in respect of some papers coming to the Board, there was little or no recorded discussion in the minutes about the actual matters requiring board approval, and more focus on points of detail in other areas of the report. Minuting has since improved considerably.

There had been good evidence of the Board overseeing clear and active planning processes for example in response to some CQC visits, and the Francis Report.

There was evidence in the minutes that there was not always adequate time for the Board's views to be fully reflected in items it ought to be owning/approving (as also mentioned in the section on the board agenda) although this is a common for all boards and remains a challenge for this one.

*Fit for the Future* has clearly been a very significant piece of strategic work resulting in a restructure which was still in the process of being implemented in April. The implementation is being closely and regularly monitored by the Board and tested through its committees.

What we had not seen was evidence of high-level discussions about the external environment/impact on strategy/opportunities and threats in broad terms – this applies also to the board strategy session agenda from August 2012 which was more focussed on ways of working and board development.

There are a number of other items on the agenda that might be considered decisions with a strategic element, but there did not seem to be time allocated to general, high level discussions about strategy.

The newly adopted format for board agendas has a different approach to item grouping which makes the devotion of time at the Board to “strategy” easier to discern.

Significant strategic thinking can also be seen in the IBP adopted by the Trust founded on three strategic threads adopted by the Board. Improvements to the Board's agenda and papers mean that it has become easier to see how significant proposals submitted to the Board for consideration demonstrate how they are consistent with and contribute to these strategic threads.

### 11.4 Interviews and meetings

Directors told us that there was a well evidenced process for making decisions around capital expenditure which was now being extended to revenue. We heard (and have seen for ourselves) that the Finance and Planning committee plays an active role and that the current system was much better and progress has accelerated.

Directors acknowledged that, with the exception of board development sessions, there have been few examples of where the Board has set aside time for strategic thinking. We see that this has been remedied since with time set aside to consider future strategic challenges and opportunities.

Board directors displayed a clear understanding of the need for the Trust to be “business like” and that this required a particular set of behaviours and a new way of looking at a problem. There was a view that although the Trust needed to be “nimble, agile, fleet of foot” and make decisions quickly, business planning tended to be rigid, formal and over controlling; passing decisions up the line.

The view was expressed that the Trust needed to find a way to couple thinking in a business like way with an *appropriate* amount of bureaucracy and that it was reasonable to reserve certain decisions but it was not helpful for the Board to lift up the lid to get into business decisions below a certain level in the organisation. Most recently, one director told us that the Board had “changed unbelievably” in rejecting a previous approach which was “bureaucratic and controlling”.

We were told about the improved arrangements for linking the Board to localities including the initiative whereby the Executive will meet with localities two to three times a year to talk about their plans and explore how it can help rather than in the format of performance reviews. We have since seen this approach in action.

From beyond the Board we heard a view that in contrast to the previous situation clinical directors now have the information about the Board's strategy to guide them in submitting planning proposals. Although this was coupled with the view that the format for linking business planning to strategy could be clearer to ensure the subsequent debate is about the right issues and at the right depth.

We observed thorough and appropriate board discussion of the outcome of the business planning process which focused on the involvement of localities and the identification of strategic risks.

Board discussion around financial issues was informed and robust. The contribution made by the Finance and Planning Committee and by non-executives using their particular skills and experience was evident. We saw further evidence of this at a recent board committee.

We had noted a scheduling issue, with a finance paper coming to the Board, not yet having been scrutinised by the Finance and Planning Committee. We have since seen a much approved approach to business planning and scheduling.

We were also able to see members of the Board probing and testing business planning proposals for any risk to either the quality or safety of services or financial viability. The responses were detailed, the discussion was thorough and the debate gave good grounds for assurance.

## 11.5 Conclusions

Deciding how much time should be spent setting strategy and then protecting and allocating that time is a struggle that all boards face and few have met wholly successfully.

This Board is no exception as conceded by directors and as demonstrated by minutes and our own observations. We comment further on this in the section discussing the board agenda.

The documentation and our observations also show that the Trust has established a process for submitting and testing business planning proposals. In the discussions that we witnessed and which were recorded, the Board provided evidence that the quality and safety of services will always guide its decisions.

In our original report we found that the Board had been making good progress towards being able to satisfy the requirements of good governance under this heading, it has continued to do so.

**The Board demonstrates compliance with the requirements of good governance under this heading.**

## 12. ENGAGEMENT

### 12.1 Requirements for good governance

- Patients, staff, potential members, potential governors and other stakeholders engaged and involved in the area of quality of care.
- The Board seeks clinical involvement and actively involves patients and carers.
- Clinicians are engaged.

### 12.2 Illustrations of Best practice

(The Healthy NHS Board) Board members are encouraged to develop a 'textured' understanding of the staff and patient experience through direct processes of engagement. This approach is seen as a significant contributor to a Board with the knowledge and skills effectively to safeguard quality and patient safety.

(The Healthy NHS Board) Effective boards give priority to engagement with key stakeholders and opinion formers within and beyond the organisation; the emphasis here is on building a healthy dialogue with, and being accountable to, patients, the public, and staff, including clinicians.

### 12.3 Agendas, papers and minutes

The board minutes do record staff and public interaction with the Board but did not prepare us for the high degree of interaction which we actually witnessed. Subsequent minutes have given a better view and confirm that the board meetings continue to be exemplary in the extent to which they allow both observation but also (appropriate) interaction with staff, service users and carers.

### 12.4 Interviews and meetings

The efforts of the Board to engage with the Trust were acknowledged beyond the Board. The Board's culture was described by senior managers and clinical directors as "open". They gave the Board credit for the effort put in by both non-executives and executive directors in undertaking quality visits and pointed out the benefit of the Board's policy of meeting around the Trust to give staff users and carers the opportunity to meet the Board. This was coupled with a view that the perception of those who have not yet had the opportunity to encounter the Board would be different.

There was less confidence amongst board directors that it would be seen throughout the Trust to be engaged. More recently a director shared with us the insight that staff views would inevitably be affected by the impact on them of the service changes now being progressed by the Trust and that staff willingness to credit the Board for its openness, transparency and engagement would be compromised by the unpalatable nature of the proposals being discussed and agreed. This view was confirmed in our interview with the staff side which acknowledged that all NHS trusts face intense pressures to manage with less, went so far as to say that the representative "felt sorry for the Board" in having to implement "an austerity agenda" and recognised that this would inevitably colour staff perceptions of the Board.

This view is consistent with the consistently disappointing results of the staff survey (as one senior manager put it "The staff survey is of course horrendous") with the implication that in the view of staff as a whole, the Board is not sufficiently engaged. This view was supported by our interview with staff side which confirmed their view that staff do not feel engaged – whilst acknowledging the very positive impact of the Board's openness in meetings and of the visits to outlying service areas conducted by directors including the Chief Executive. The continuing challenge for the Board, we were told, was to make it possible for that sense of engagement to persist after the visits were over so that "staff don't feel engaged when they [the Directors] are no longer there..." Board locality surgeries were suggested as an option to explore.

This was not the belief further up the management structure beyond the Board as managers told us that "this is definitely a Board committed to engagement". In the past they said, the experience of senior clinicians and managers at GP or commissioner forums was difficult. The Trust was not previously seen as a valued partner. This was contrasted with the Foundation Trust events at which the same staff had been given the opportunity of talking to staff users and carers. It is disappointing that we were unable to confirm this directly as the three CCGs contacted were unwilling to be interviewed by us for this final report although there is no reason to infer anything from that other than the pressure of other more pressing (to them) demands on their time.

We were told by senior clinical managers within the Trust that "It now feels like a clinically led organisation which means that clinicians are clinically accountable and answering questions directly." As a result staff in question said they now felt much more connected to the Board. We observed the Board engaging with a clinical director who was in attendance at a board meeting as it was being held in his locality (on this occasion). At a subsequent meeting we heard the Chief Executive confirming and the Board welcoming the fact that clinical director contributions would be a regular feature of board meetings in the future.

We observed a relatively high level of interaction with the public during both board meetings we saw. While there was an allocated time on the agenda for comments and questions from the public/others in attendance, these comments and questions were also taken at various times during the meeting. Board presentations appeared at times to be directed to the public in attendance. At times it felt closer to a public meeting than a Board meeting open to the public but the balance was maintained by the Chair and the business of the Board was done.

The engagement of members of the public, many of them service users or carers, was also a particular feature of the board meeting and was well managed. The Chairman created the situation in which members of the public were able to understand what was going on, were invited to question and comment on occasion but were not permitted to divert the Board from its business. At every opportunity when the Board broke from its formal business members of the Board were observed engaging on a one-to-one basis with the members of the public and staff who were present at the meeting. We saw recent evidence of the Chair taking effective control of a situation where public intervention threatened to disrupt the work of the Board.

## 12.5 Conclusions

This is a Board which is clearly committed to engaging service users, staff and other stakeholders. It demonstrates its commitment in a remarkably open approach to conducting its formal meetings. Individual directors were also clearly personally committed to engaging with and communicating with those with an interest in the work of the Trust and get out-and-about as often as they can. We saw good interaction between a clinical director and the Board and we know that the Board intends to make such dialogue a regular feature of future meetings.

What is unfortunate, and the staff side views above suggest why, is that this is not yet the perception of those who have not yet had the opportunity to encounter the Board or Directors which could explain, at least in part, the continuing disappointing staff survey results.

In April we recommended that the Board should seek further opportunities to demonstrate its approach to openness within the organisation and show that it is following the very best practice in the sector. It was our view in April and remains our view now that the Board was then showing that it is meeting the requirements of good governance; its continuing challenge is to demonstrate this to staff.

**The Board meets the requirements of good governance under this heading.**

## 13. SUFFICIENT PERSONNEL

### 13.1 *Requirements for good governance*

That the Board can be assured and is assured that there are there sufficient personnel in number and qualification on the Board, reporting to the Board and throughout the organisation to ensure compliance with licence conditions.

### 13.2 *Illustrations of good practice*

(Francis report) [...] it is surprising that the Board never got to grips with the deficiency in accurate information about staffing numbers. This was surely one of the most fundamental tools of the Board's job.

(Monitor) Where applicants often fall short is in demonstrating a sufficiently thorough understanding of the underlying drivers of their cost base, and the evidence to underpin the achievement of significant efficiency improvements. This includes (but is not limited to):

- fully understanding the combined impact of schemes on the trust's headcount;
- understanding the trust's skill mix and how it compares to peers;
- showing an understanding of benchmarking data for key operational measures (e.g. nurse to bed ratio).

### 13.3 *Agendas, papers and minutes*

The vacancy issue has been discussed on several occasions and this is evidence that the Board is clearly alert to the issue of whether the workforce is sufficient in number.

We can also see ample documentary evidence that the Board keeps this issue under active review both in committee and in its full meetings.

The Employee Strategy and Engagement Committee performs a particularly active role in supporting the Board to gain assurance.

#### 13.4 *Interviews and meetings*

We witnessed specific board discussion about the need to maintain the quality and safety of services by flexing staffing levels to reflect volume fluctuations in localities

Senior staff beyond the Board endorsed the work the Board was doing to ensure that staffing levels were appropriate and safe. They told us how at the Employee Strategy and Engagement Committee, executive and non-executive directors are working through workforce issues.

We also heard that service managers have attended the committee and clinical directors are being invited. Given the ability to take worries to weekly trust wide management meetings where executive directors attend, we were told by one clinical director that they felt there was a direct link between them and the Board on a frequent basis. We have since seen further evidence of the detailed work of the committee engaging localities directly.

Directors acknowledged that assessing the quantity of the workforce was an easier task than ensuring its quality. While acknowledging the effective work of the Employee Strategy and Engagement committee in reviewing overall staffing levels one director shared with us a worry that the measurement of skills was not sufficiently visible at the Board. The recent approach to OD is aimed at addressing this perceived need.

Once again, from a locality perspective we received a more positive view. The contribution to safe staffing levels made by the scrutiny being conducted by the Employee Strategy and Engagement committee received specific acknowledgement.

We were told how one particular clinical director had carried out a review of the balance between workload, morbidity and staffing levels, was clear about the facts and data required to make a case and how and to whom to go with that case. As the clinical director put it "There is now a channel and a process. I go straight to the Board via the responsible executive director".

We have since seen evidence of the detailed work of the committee in scrutinising workforce plans, vacancy levels, bank utilisation sickness absence, staff survey results and key HR policies to achieve real assurance and initiate appropriate action. The approach of the committee to reflecting and acting on the output of staff listening sessions and survey outputs was thorough and convincing.

The improvement in the linkage between the Board and its committees and between the Board and the localities which we have reported elsewhere is particularly significant contributor to improved assurance in this critical area.

As reported earlier, in our discussion with the staff side we heard an acknowledgement of the difficulty of the task, and appreciation that the Board and its committees are trying to address the issue. As they put it reflecting on the wider challenges and the Government's response to Robert Francis's recommendations, "what is a safe service? nobody has yet come up with a formula".

#### 13.5 *Conclusions*

The efforts that the Board is making to address this issue, and particular contribution of the employment committee, were evident in April and have become more so since. The evidence from those beyond the Board about the active steps being undertaken throughout the Trust to review staffing levels is reassuring.

On the basis of our observations to date, we reported in April that the Board was taking effective steps to assure itself in this area. The evidence since continues to support that view.

**The Board achieves the requirements of good governance under this heading.**

## 14. BOARD AGENDA

### 14.1 *Requirements for good governance*

- The board agenda is planned, shared and integrated between the Board and its committees.
- The plan is adhered to.
- The agenda strikes the right balance between strategy versus performance, finance versus quality, decision-making versus noting, internal versus external and public versus private discussion.

### 14.2 *Illustrations of best practice*

(The Healthy NHS Board) Competent, systematic board disciplines form the bedrock of good board functioning. These disciplines include:

- Giving thoughtful attention to board agenda planning and management: The chair is central in this process and needs to be vigilant in ensuring that board agendas maintain a complex range of 'balances' between:
  - strategy and performance management.
  - activity, finance and quality.
  - organisational priorities and the demands of regulators.
  - information sharing (presentation) by executives and whole board discussion.

### 14.3 *Agendas, papers and minutes*

There had been evidence of some important matters coming to the Board (for their approval) too late for their comments to be taken properly into account: notably signing off values and the strategic objectives, and the annual report. Coordination has since improved.

Not much time had been allocated on the agenda for committee reports and minutes (e.g. Oct 12: ten minutes for six committee reports, and five minutes for six sets of minutes). The reporting of committees has now become more meaningful.

There had been no slot on the agenda specifically for an open discussion on strategy. Strategic items are now grouped together more meaningfully.

### 14.4 *Interviews and meetings*

As we have already reported, at least one director acknowledged that given the focus on operational issues there was no space at the moment for "where are we going". Acknowledging that following a review of the agenda a year ago there is now more focus on quality and hearing the voice of users and staff, there was nevertheless an acknowledgement that the balance between strategy and operational issues had not yet been got right and that it was, as a director put it "a struggle to find many strategic issues on the agenda".

The Chairman's efforts to realign the Board's agenda focus were acknowledged from several sources. His efforts to involve all members of the Board in setting an appropriate agenda and reminding the Board the reason *why* it is seeking Foundation Trust status were specifically acknowledged.

Again, members of the Board were clear that some of the reasons for this continuing operational focus were due to the legacy of previous events. As one put it, "We cannot get away from the fact that we have had our tin hats on for the last year". As another put it more recently, the emphasis on operational detail was inevitable as the Board had felt unsighted but it was now determined "to operate in governance mode".

In the board meetings we witnessed directors reflecting on the need to continue work to ensure that the activity of the Board and its committees was appropriately coordinated. We have since seen the positive impact of those efforts.

The amount of time taken up in the board meeting by discussion of what could truly be described as "strategy", whether under that heading or not, had seemed to us to be small. The better grouping of strategic items since has made this strategic discussion easier to identify.

We observed in the Board only a short allocation of time being given to board committee minutes. This has now been transformed into a much more meaningful section of the meeting.

#### 14.5 **Conclusions**

We have already discussed two of the key elements of this issue (the integration of the work of committees and the balance of time spent on strategy) earlier in this report and so refrain from repeating those comments again here

There certainly is an agenda plan and we can see that it reflects the work of the Board and its committees and is broadly adhered to. There was clearly some work to be done to improve the degree of integration as we commented earlier. That work has now been undertaken.

As for the balance of time on the Board's agenda, the allocation for strategy was apparently small. This has now been addressed. In other respects we felt appropriate balances were being struck. We thought the balance between public versus private discussion was exemplary and demonstrates to other trusts the degree of transparency that can be achieved whilst still conducting the business of the Board effectively. This continues to be our view.

In April we recommended that the Board should set aside more time for discussing and setting strategy in its formal meetings. In its agenda redesign it has addressed this.

**The Board now demonstrates compliance with the requirements of good governance under this heading.**

### 15. **BEHAVIOURS**

#### 15.1 **Requirements for good governance**

- The Board's beliefs, mind sets and attitudes are appropriate and shared
- These beliefs are reflected in inter board relationships in general and the issue of trust and respect in particular
- Directors concerns are expressed, recorded and acted upon
- There is a true equality of directors on a unitary board
- The Board is balanced, with no obvious centre of gravity. No individual or group dominates
- Directors verify the facts by triangulation

#### 15.2 **Illustrations of good practice**

(The Healthy NHS Board) [directors] Actively support and promote a positive culture for the organisation and reflect this in their own behaviour.

(The Healthy NHS Board) [the chair/CEO] Provides visible leadership in developing a positive culture for the organisation, and ensures that this is reflected and modelled in their own and in the [Board's/executive's] behaviour and decision making

### 15.3 ***Agendas, papers and minutes***

Board minutes indicated that directors' (particularly non-executive director) concerns, or suggestions, were expressed and recorded, but were not always obviously translated into an explicit action. This may be the right or the intended result, but the rationale for not taking the suggestion forward more explicitly should have been minuted. We observe that recent minutes are much better in this respect.

### 15.4 ***Interviews and meetings***

The atmosphere in the second board meeting we saw was particularly good and we have seen the Board in collective action since and that positive atmosphere has been maintained. Members present reported this as being the best board meeting that they remembered which helps to explain the difference between what we observed and what we expected from the comments of those we had interviewed for our April report and the previous minutes.

As the Trust's communication director accurately observed at the end of that meeting, it would have sometimes been difficult for an observer to distinguish which of the directors was non-executive and which an executive.

As we have already observed, the meeting was skilfully led by the Chairman. The Chief Executive exercised his own leadership of the executive team by supplying a clear sense of direction and purpose without at any time dominating the discussion.

Non-executive contributions went beyond challenge and included making proposals, contributing advice, improving clarity, endorsing proposals, explaining issues to the public, prioritising issues of importance to the Board and adding value generally.

We saw more executive director challenges at this meeting that we have seen at other boards. In one particular example which it would not be an exaggeration to describe as exemplary, the Chief Executive supplied an opinion, an executive director disagreed with it and the Chairman congratulated them both.

We observed constructive use of a pre meeting before a Board meeting which created a cohesive atmosphere before the formal board meeting commenced but without pre-empting or rehearsing the subsequent discussion.

Directors had told us that there was little contact outside meetings between executive and non-executive directors. Both kinds of director expressed their willingness to talk to the other and their openness to approaches but they also illustrated some of the reasons why this does not occur.

We heard on the one hand the feeling that significant discussion between a non-executive and an executive director ought to be reported to the Chairman and also the thought that for an executive director to approach a non-executive director for advice would be seen as a sign of weakness.

We also heard suggestions of how bridges might be built including recognition of the benefits of work to improve the personal relationships between the individuals concerned and a suggestion about reinstating the "buddying" arrangements which had been put in place on a temporary basis ahead of the Board to Board meeting with the Strategic Health Authority.

Individuals we spoke to both on and beyond the Board recognised that the different roles of executive director and non-executive director will always lead to some tensions even on the most harmonious "unitary" board.

Our original interviews of those elsewhere in the organisation revealed a perception that non-executive directors were thought of as saying "why don't the executive directors just do their job properly" and "It feels like the non-executive directors are always giving the executive directors a hard time, particularly in committees". It will take some time for those who are yet to observe the Board in action to realise that the Board has moved on.

The previous perception of Board board directors themselves was originally described to us as "tense and remains adversarial" and lacking "a level of mutual trust and confidence".

Our observations leading up to the April report showed that this view was already becoming out of date and that the Board had already made much progress. Our most recent observations of the Board at work, and the most recent interviews with board members and others demonstrate sustained improvement.

The Board is now (and is described by Directors as) "supportive and open" with little trace of adversarial behaviour. Discussion is open and the contribution of non-executives and executives more balanced.

As we have already said, work remains to be done to convince staff. Staff representatives told us that although they concede that the Board behaves openly and supportively in public, and does try to be open, they nevertheless believe that there were examples of members of the Board behaving differently "behind closed doors".

## 15.5 **Conclusions**

While further board development work remains to be done in line with the Board's OD strategy, it is our view that the situation was already better in April than some of those we spoke to realised at that time and has become better since. We believe that this shows the benefit of earlier and ongoing work which has given the Board the opportunity to reflect on director interactions and agree about appropriate behaviours.

On the evidence of the board meetings and committee meetings we have observed we have seen that all members of the Board share a common system of beliefs about the aims and objectives of the Trust and the overall importance of the safety and quality of services to users.

The nature of the comments and interventions from non-executives and executive directors is becoming ever more balanced and more effective. As before, we particularly cite the positive influence as the Chairman and Chief Executive are seen to work together to demonstrate and exemplify the role of board members.

We see no obvious imbalance on the Board. No director or group of directors dominate the discussion. There remains a remarkable degree of openness and equality of contribution.

We believe that members of the Board are closer to becoming a truly "unitary" board than at any time in the past and that their achievement is greater than that of a number of other aspirant and established Foundation Trusts. The need to demonstrate this to staff remains.

**The Trust meets, and in some respects exemplifies, compliance with the requirements of good governance under this heading.**

## 16. **CULTURE**

### 16.1 **Requirements for good governance**

- The Board has agreed and set a clear set of values
- The Board's standards for the Trust are set and enforced, clear and understood with breaches not tolerated and issues tackled and confronted
- The Board practices openness, transparency and candour
- The Board ensures that patient care and quality are above all other considerations and are the primary concern of all staff
- The Board reviews internal and external failures, and best practices, to benchmark the trust and learn lessons
- The Board is a "listening" Board that "wants to know" where adverse information is accepted (even welcomed) and acknowledged

## 16.2 *Illustrations of good practice*

(The Healthy NHS Board) The third core role of the Board is shaping a positive culture for the Board and the organisation. This recognises that good governance flows from a shared ethos or culture, as well as from systems and structures. The Board also takes the lead in establishing and promoting values and standards of conduct for the organisation and its staff.

Effective boards shape a culture for the organisation which is ambitious, self-directed, nimble, responsive, and encourages innovation. A commitment to openness and transparency means that boards are more likely to give priority to the organisation's relationship and reputation with patients, the public and partners as the primary means by which it meets policy and/or regulatory requirements. As such it puts patients and communities at the centre.

## 16.3 *Agendas papers and minutes*

Papers and minutes provided examples of the Board adopting and publishing values and expressing itself as open to adverse information.

The documentation also showed the progress the Board has been making in transferring issues from private to public meetings and therefore also placing the appropriate agendas, papers and minutes in the public domain.

The minutes showed an engaged Board taking part in robust challenge and response, and a particularly active response to the Francis report, with the Board having organised a board development session on Francis almost immediately the report was published, and organising an internal mapping exercise against all the recommendations.

The Board is on record as actively welcoming parent and carer input at board meetings and even records those contributions and matters raised in its minutes.

## 16.4 *Interviews and meetings*

It was acknowledged by directors that the Board had been proactive in creating the right atmosphere by being prepared to take a risk and make a point by receiving and discussing adverse outcomes in public. As another put it "no stone is left unturned in getting across the message that the Board really wants to know".

Board members felt that the Board was indeed open, transparent and candid. They acknowledge the positions taken by the chair and Chief Executive and their shared commitment to doing the majority of business in open session. This was not, we were told, likely to give rise to any commercial risk although it might risk some reputation damage. The risk would be worthwhile, they felt because this stance enhances the credibility of the Board.

We heard from people beyond the Board how the Board's position was being demonstrated by the actions of the Chief Executive in fulfilling his commitment to acknowledge and respond to e-mails sent to him.

At locality level, although the Board's prioritisation of service users and quality was acknowledged, we were told that there remains a perception that financial savings are still important. The recent focus on CIP programmes which we saw debated in committee will have supported this view.

Members of the Board are realistic about how their efforts have been received to date. Those involved in listening sessions said they had not always been well attended. This is coupled with the insight that the Board may not yet be seen as relevant by a significant proportion of staff. However we have seen since that this has not deterred the Board and its committees from persevering.

Board members acknowledged that the message of openness and transparency was frequently and clearly communicated whilst entertaining doubts about the extent to which it was heard. This continues to be the challenge.

As one put it in our original interviews "It is constantly being said that everyone is safe to comment but I do not know that this is believed or received". Feedback from the Listening Events more recently

reported to the Employment Committee suggests that the messages *are* being received but staff representatives nevertheless told us that staff still do not feel enabled to come forward although they conceded that the Chief Executive had established a reputation for openness and acting on information received and that the Board was "totally different from 18 months ago" and was "getting there".

Clinical directors told us that the Board *is* visible and accessible. We heard from them how the Board had made it clear in meetings, communications, face to face contact and the new structures that it intends to learn from the bad. This, we were told, "shows a belief that you do not learn a great deal if people always only ever say everything is fine. The ethos of the last few months is that all need to listen to patients and others."

However, senior staff also admitted that it remained difficult to take an honest appraisal of some of the most risky services to the Board. It was suggested to us that staff would still not feel comfortable about reporting adverse outcomes. We have seen evidence of continuing efforts by the Board to counter this view.

A senior manager told us of their concern that this message would take time to filter down. Teams at ward level would not yet see any change. The locality management change and new clinical leadership were expected to help by achieving and demonstrating change meanwhile there was still a danger of issues being hidden at ward and team level.

The Board has already taken conscious decisions to bring as much of its business as possible into the public part of the agenda. In doing so it displayed its willingness to listen seriously to those present who, either invited or uninvited, contributed their observations. Members of the public who were present would have seen that this was indeed a Board that "wanted to hear". Included among those who we saw commenting and asking questions was at least one member of staff although not identified to the Board as such.

The board meeting format includes two segments for presentations from staff describing particular aspects of the service and there is full participation by members of the Board and others present in discussion initiated by each of these presentations. This format continues to provide real insight to Board members.

In a full discussion about the community and user engagement strategy, directors displayed their commitment to such engagement, their openness to the outcomes and in the process demonstrated how it is possible for a board of directors to engage in full and frank debate in open session.

The Board was and remains candid about the failure of the Trust to date to make sufficient impact on the views and attitudes of staff. This open debate in public about the Trust's failure to achieve a key objective was matched with a clear resolution to begin again with a new approach to achieve a compact with staff within the context of new staff membership arrangements and the new management structure. We can see that this work has continued since.

In the Board we observed concern for quality of care getting high priority. The Chair stressed that the key message from the Francis report was that the Board needed to be able to assure itself on quality and safety, and the Chief Executive stressed the fact that the importance of quality should permeate everything and that this should extend to not walking past litter on a walk around. He was also promoting transparency with a view to putting complaints and details of their handling (and learning) on the website.

We also saw evidence in a board meeting of the Chair not wishing to isolate matters at board level: he talked about involving the wider Trust in the Foundation Trust journey process, so that there was broad ownership of the process within the Trust.

We also saw evidence of the way the rotation of board meetings to different sites enables the Board to reach out to a particular site of the Trust and its operations there to engender a feeling of a more inclusive culture. This practice has continued unabated.

We saw evidence of the Board as a Listening Board, allowing the level of public interaction that it did at the board meeting, and the Chief Executive proposing that complaints (and learning) are made

available on the Trust website. Recent changes to the way the board minutes actually record public intervention and questioning demonstrate that commitment.

In addition to the evident appreciation of the importance of staff perceptions of non-executive visits mentioned earlier, we also saw non-executive directors in committee displaying a good understanding of the two-way communication benefits of visits to operational areas in order for directors to be able to both measure *and* demonstrate the culture adopted by the Board

The self-evaluation session at the end of the board meeting was particularly impressive. Going far beyond the notional reviews we have seen at other boards, the Chairman asked everyone present to score and identify the best and the worst features from their point of view. An impressive degree of candour and unanimity was the result.

Members of the Board displayed great insight in identifying what we ourselves have seen as the considerable strengths and very occasional weaknesses of the meeting in which they had just participated. The most recent such evaluation we attended continued in the same candid vein we had seen before and reported continuing progress.

## 16.5 **Conclusions**

We have been struck in our discussions with members of the Board we have interviewed by their openness, self-awareness and eagerness and commitment to improve.

This is a Board which will find it easier than most to fulfil the aspirations of Robert Francis that the NHS should be "open and transparent and candid."

The Board demonstrates a consistent set of values founded upon a belief clearly shared by all directors that patient care and quality are above all other considerations.

Members of the public and staff who have met the Board and seen it in action would have seen the proof of this for themselves. We understand the staff who have raised issues with the Chief Executive have seen them responded to and dealt with.

In the way that it practices openness, transparency and candour in its own meetings, the Board is an exemplar. It shows that its beliefs are matched by action and that it is prepared to take the risk of adverse publicity by hearing full and frank accounts of service issues in the public domain.

This has not yet been matched by sufficient impact on the views and attitudes of staff. We saw how the Board was committed to redoubling its efforts to engage with staff particularly as the Trust moves towards recruiting them as members of the future Foundation Trust.

**The Board is continuing to demonstrate that it has met, and in some respects exemplifies, the requirements for good governance under this heading**

## 17. **COMPLETION**

### 17.1 **Requirements for good governance**

- The Board "follows through" ensuring follow up by action tracking to ensure that actions are pursued with vigour and urgency and the impact of actions is effectively monitored

### 17.2 **Illustrations of best practice**

(The Healthy NHS Board) Action logs: Boards and committees can be helped to keep track of actions agreed by maintaining and monitoring a log. The log should show all actions agreed by the Board, and for each action the 'ownership,' due dates, and status.

### 17.3 **Agendas, papers and minutes**

We reported in April that the process for actions and follow up was not robust. A significant number of points in the minutes which were actions were allocated without any initial for follow up so it was impossible to track if they had been dealt with or not. Some actions were allocated an initial, but then

did not get captured on the actions spreadsheet. There seemed to be no tracking device to ensure these initialled actions, which were not on the spreadsheet, were followed up, and there was direct evidence for one action not being followed up and being subsequently chased by a non-executive. These deficiencies have all now been addressed by major changes in format and process.

This deficiency in recording and assigning action was in contrast to evidence of good practice by the Chair summarising a clear action which is recorded clearly in the minutes. The Chair continues to perform this role effectively.

There were instances in the minutes where it was stated that the Board or a committee was 'sighted' on an issue, but it was unclear to a third party whether that meant any action was being taken. Such vagueness has been eliminated.

There was no recording in the board minutes of the discussion about the follow up to those actions which do get captured in the spreadsheet – one could only ascertain from the spreadsheet if the action is completed or ongoing – but these were matters which were presumably an important output of the previous board meeting. This has now been addressed.

#### 17.4 *Interviews and meetings*

Directors spoken to originally conceded that there was work to be done: "The follow-up on action that falls out of board meetings feels loose to me. Better systems and processes would help"

Although we heard that directors were very keen that issues were followed up and pursued, and that this was done much better than before, the connection between minutes and actions was not yet clear enough.

Senior managers beyond the Board acknowledged that it was difficult to see at times where a concern had arisen, the Board had discussed the issue and resolved that action should be taken and something had actually changed.

It has been difficult, we were told, to see what was different as a result of the Board's activity and where something has happened as a result of the Board insisting that it should.

In those whom we spoke to on the Board there was a sense of the shortcomings of action plans and checklists. On the one hand we heard that they were no substitute for delegating authority and trusting managers to deliver. We also heard acknowledgement of the danger of action plans confusing action with outcomes.

From a locality perspective we were told that the message which had been heard and received is that whereas "up to last summer you took something to the Board and asked. The message now is don't ask". Clinical directors, we were told, are expected to "get on and do". It was acknowledged that it would take time for people to understand that the dynamic has changed from "ask" to "tell" but it was clearly understood by one of the newly appointed clinical directors who spoke to us. However, they acknowledged that this would not be generally be the case until staff saw issues playing through.

In committee, dates had not always been set for follow up. For example an issue was identified to come back to the committee "at an appropriate time". Discussion of other items did not result in any obvious resolution about action to follow. Another item resulted in agreement to "take comments back to executive directors".

Since April all these procedural issues have received particular attention and we have provided some direct support with the redesign of workplans, agendas and board papers and a significant change to the style and quality of board minutes.

These changes are all now visible and have been effective in dispelling uncertainty and improving "closure".

## 17.5 **Conclusions**

In April we described a board meeting taking clear and unambiguous decisions not always fully and properly reflected in its minutes or follow-up action schedules. We recommended that the recoding of the outcomes of meetings needed to be improved in this respect.

We offered to share good practices with the Trust and we expressed our confidence that the Trust's governance team was fully capable of effecting the necessary improvement.

This action was successfully undertaken and that confidence was well founded.

**The Board now meets the requirements for good governance in this area.**

## 18. **CONCLUSIONS**

Core to a highly effective Board as described by the Board effectiveness model adopted by the trust are:

- ***gaining insight and foresight;***
- ***clarifying priorities and defining expectations;***
- ***holding to account and seeking assurance.***

Our evaluation in April 2013 was that the Board had been more active in performing the third of these roles than the first two.

The Board has since worked hard to maximise the extent to which it is able to reallocate the time currently spent monitoring operational services towards consideration of strategic issues and thus realign the boundary between governance and management and bring it back closer to the Board. That work continues as the challenges facing the Trust (and all trusts) remain very considerable. The Board shows that it is focussed upon creating the conditions in which it is able to move to a more strategic role.

The Board continues to transform itself, the trust management structure and the systems and processes that link them all. These changes do all hold out the promise of creating a very effective system of board governance and the effects are becoming ever more visible.

We can summarise our view of the position by going back to the Board effectiveness model which relies upon the premise that the Board's ability to perform the three key roles depends on the effectiveness of various enablers:

- ***inputs;***

The information provided to the Board in the past had been predominantly about issues of performance. The Board is very open to hearing the views of service users and carers (and is seen to do so) and also open to staff, although further progress is required and is clearly being supported by the new locality structures.

The new systems and processes by which the Board is being informed permit it, with support of its committees, to maintain better oversight of internal performance issues so that it is able to focus more of its attention on external strategic matters.

The introduction of the quality matrix with its seven domains has introduced a new degree of clarity and focus to the information scrutinised both by the Board and throughout the organisation.

- ***processes;***
- ***systems;***

The Board's processes (for example planning and assurance) and the systems of which they comprise (for example business planning and risk management) are receiving the necessary attention and

being redesigned in the light of a redesigned relationship between the Board and the trust following the Board's action to redesign the accountability framework. Improvements in the last few months have been significant.

The combination of the quality information system, integrated quality plan and quality governance structure are showing their potential to be powerfully effective.

- **structures**

The Board has taken effective action to revise the structure and composition of the Board and its committees and to put in a new system of delegated control and accountability of services through new localities.

As the benefits are becoming increasingly apparent there are mounting grounds for confidence that the Board's new appointments, redistribution of responsibilities between the executive directors, simplified committee structure and clinically led locality management are achieving the desired impact.

- **behaviours**

Behaviours both between board members and between the Board and other trust staff, have been distorted by the degree to which the Board has felt obliged to adopt a more operational and interventional role and the absence to date of the systems and processes to generate confidence to support the Board in withdrawing to more appropriate territory. The Board is focussed on creating the conditions to permit it to occupy that territory.

Nothing that could be written or said could have as powerful an effect on those relationships as the impact of a mounting body of evidence such as we have seen even over the last few months that the Board is truly committed to delegated responsibility and does indeed delegate it and that at locality level the new triumvirates are fully capable of fulfilling their responsibilities and do indeed deliver.

It was our view in April that the Board's position then was substantially different and significantly better than that a year previously. We report here on positive developments since addressing the issues we identified then.

The Board as it is today has recently received external praise for being "open, honest, transparent, and supportive and focused on the delivery of high quality care." It is a description we recognise and is supported by the evidence we present here.

The pace of development has been rapid and it is continuing. The Board is self aware, is learning and continues to focus its energy and attention in the right areas. We have no sense that the board is "resting on its laurels". It demonstrates its awareness that development is a continuous process.

We think this board is "above the line" when measured against the requirements of corporate governance that aspirant Foundation Trusts must demonstrate. It should be able to make a convincing case for Foundation Trust status and go forward to provide efficient, high quality and safe services to the community it serves.

**Ray Tarling**  
**Adviser**  
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*22 November 2013*

*references:*

*"The Healthy Board" = The Healthy NHS Board: Principles for Good Governance, NHS leadership Council, 2010*

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