



The Pocket Guide to

Governance

in NHS Wales

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Introduction

This is a Welsh NHS Confederation guide for members of Local Health Boards and NHS Trusts in Wales. NHS boards are extremely important, they take decisions which are fundamental to improving health and in the planning, organisation and delivery of health care. They are the first line of regulation and scrutiny of safe, joined up and cost effective services.

As we face more public scrutiny and a tough financial climate, the role of the board has never been more important or challenging. The new LHBs are very large; most have over 15,000 staff and have a wide span of service control in primary, community, acute, mental health and specialist services. On the other hand, no public body can deliver its services in isolation from public and political opinion, its wide range of partners and suppliers, its regulators and the media. The NHS Trusts in Wales also have a significant role in the delivery of healthcare and in improving the health of the people of Wales.

The guide is short to make for easier reading and reference but is backed up by a wide range of material that can be found on the Welsh NHS Confederation website. Other useful links are given at the end of the guide.

The authors for the guide are Dr John Bullivant, Andrew Corbett Nolan and Mike Ponton but we would like to acknowledge the influence of a wide range of sources and commentators on the contents guide and for material taken from the WAG/NLIAH publication *Setting the Direction*.

Welsh NHS Confederation
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Expected Benefits of Restructuring

In the discussion leading up to the restructuring of the NHS in Wales, the Welsh Assembly Government listed the perceived benefits that are summarised below. These are likely to be used as criteria by which health organisations' performance and progress are judged over time.

Topic	Expectations
Service Quality Benefits	<p>An improvement in the services offered to the population which should result in:</p> <ul style="list-style-type: none"> • Improved health outcomes, • Improved access to services, • A shift in the balance of care towards more services to support people in the community, and • Reductions in geographical health inequalities
Operational Benefits	<ul style="list-style-type: none"> • A reduction of the administrative burden of working across multiple organisations, • Strategic planning to be undertaken at an All-Wales level, • A planning process to be developed that is responsive to local need, • Enhanced service delivery through the removal of vertical boundaries, and • More efficient use of resources across organisations
Money Moved into Front-Line Services	<ul style="list-style-type: none"> • A reduction of the administration costs of NHS Wales through the reduction in the numbers of organisations, • More effective management of arrangements held with external organisations, and • Improved purchasing and negotiating power at a national and local level
Better Working Across the NHS	<ul style="list-style-type: none"> • A reduction in conflicts between NHS bodies, • Improved perception of NHS Wales amongst patients, the public and stakeholders, • A greater sense of stability of direction, and • The achievement of improved service integration through closer working with its partners
Staff Benefits	<p>An improvement in morale and individuals' experiences of working within NHS bodies through:</p> <ul style="list-style-type: none"> • Increased career opportunities in unified organisations, • Working in a positive and progressive culture, and • Enhanced opportunities for learning and development

The Features of the new NHS in Wales

In the discussion leading up to the restructuring of the NHS in Wales, the Welsh Assembly Government described the features of the new service as summarised below. These are likely to be used as criteria by which health organisations' performance and progress are judged over time.

- A patient centred care approach, with patients able to exercise as much or as little influence over their care as they choose, except where strong evidence advises against this.
- Strong leadership and clear governance arrangements, with every organisation held to account for its clinical performance.
- Services that are efficient, effective, timely and safe.
- Care that is consistent, based on sound evidence and meeting agreed standards.
- A health service that changes the balance of care into people's homes and communities, and away from traditional hospital care.

What is Governance?

"Good corporate governance is about 'intellectual honesty' and not just sticking to rules and regulations." Mervyn King, The King Report

A basic definition of governance in the NHS is: *"A system of accountability to citizens, service users, stakeholders and the wider community, within which healthcare organisations work, take decisions and lead their people to achieve their objectives... It is how we hold ourselves to account."*

As the leaders of public bodies charged with delivering complex, sometimes risky services to vulnerable people, NHS boards need to demonstrate the highest standards of governance practice. NHS bodies act as stewards of a large proportion of the nation's public monies and, as such, governance systems need to demonstrate they lead to better practice in decision making and taking.

Key points:

- NHS governance requirements, loosely speaking, build upon advances in commercial governance practice.
- Better governance practice is largely enshrined in a series of codes, rather than being clearly described in law.
- Boards should take a broad view of what constitutes better practice, and look outwards to other sectors rather than just upwards for centrally imposed rules.
- Boards should be aware of the costs of governance activity, and be sure of the benefits of governance scrutiny or assurance requirements.
- There are specific governance codes and guidance for NHS organisations, and these differ for England, Scotland and Wales. There is much to learn from each approach.
- Governance is about vision, strategy, leadership, probity and ethics as well as assurance and transparency.
- Governance activity should provide confidence to all stakeholders, not just to the regulators.
- Domain 3 of the Healthcare Standards for Wales covers governance. These are currently being reviewed and new standards will be introduced from April 2010.

The Role of NHS Boards

"The relationship between the governing body and the front line is in essence clinical governance.....management is about running the business, governance is about seeing it run properly." A Adrian, 2000

NHS boards are unitary boards made up of executive and independent members. Acting as stewards of the organisation's resources and responsible for overall governance, the board should act as the controlling mind of the organisation. The board should agree a vision, develop and set strategies, exert leadership, ensure accountability and transparency and ensure that the executive of the organisation is held to account.

Key points:

- The board is where all directors, executive or independent, come together in their role as directors of the organisation concerned. All hold equal responsibility in their director role, and none should act in a tribal fashion.
- Independent members have the prime responsibility to support their executive colleagues by holding them to account for their actions, and constructively challenging their assumptions in order to achieve best possible outcomes.
- Boards should understand the difference between governance and management roles. However, NHS boards need to have a line of sight to service delivery, gaining assurance that services are safe, joined up and cost effective.
- Boards act on behalf of many stakeholders including patients, users and carers, staff, taxpayers, the Assembly, partners and suppliers.
- Boards are the frontline regulators, and should at all times satisfy themselves that their organisation is acting within the law, abiding by agreed codes of practice and meeting all relevant compliances.

The Role of the Chair & Chief Executive

"One measure of leadership is the caliber of people who choose to follow you." Dennis A Peer

The Chair and the CEO have discrete, complementary responsibilities. The Chair has overall responsibility for the organisation and its governance, while the CEO is the accountable officer and responsible for executing policy.

Key points:

- The Chair is responsible for providing strong, effective and visible leadership, and is accountable for maintaining the highest standards of clinical care. The Chair is ultimately accountable for LHB/NHS Trust performance.
- The Chair directly holds the CEO to account, and ensures that there is proper stewardship for resources for which the board is accountable.
- External ambassadorial functions of the LHB/NHS Trust will include the Chair working directly with community partners.
- Responsibility for ensuring the LHB/NHS Trust is governed effectively within the framework and standards set by the NHS in Wales resides with the Chair.
- Ensuring that board members have the right information available to them to discharge their responsibilities is a crucial role for the Chair.
- The CEO is responsible for the delivery of policy as agreed by the board. As the accountable officer, the CEO needs to ensure that the systems and structures of the LHB/NHS Trust are fit for purpose and ensure the highest standards of executive control.

The Role of Independent Members

"As a general rule, the most successful man in life is the man who has the best information." Benjamin Disraeli

The term 'Independent Member' is used to describe the role of Non Officer Members in Local Health Boards and Non Executive Directors in NHS Trusts in Wales. With no direct executive portfolio, independent members have full director responsibility and the additional responsibility of ensuring the best quality decision taking through holding the executive to account.

Key points:

- All directors have a responsibility to ensure that they understand the purpose of the organisation, and the communities and wider environment in which it operates.
- Independent members need to support the Chair in being clear about the information they need in order to discharge their role, including assurance and scrutiny.
- Aside from attending board and committee meetings, independent members should always ensure they have read all papers they are sent and have a good understanding of the work of the board.
- Independent members will often have a designated area of interest or focus, but are not representative of a particular constituency, and should actively participate in all aspects of assurance and scrutiny. They should not absent themselves from particular discussions.
- It is important that all areas of potential or perceived conflict of interest are properly declared. If in doubt, declare.
- Independent members should discuss matters they feel uncomfortable with or uncertain about, with the Chair.
- Independent members will be supported by an annual development appraisal discussion with the Chair.

Framework for Governance

“Shelving hard decisions is the least ethical course.” Sir Adrian Cadbury

The general approach for unitary boards is to adopt the Combined Code first established in 2003 on the basis of the Cadbury, Greenbury and Higgs reports. The Walker report (2009) indicated that the Combined Code and its revisions should stand but application of its guidance needs attention.

The main principle of the Combined Code is that every institution should be headed by an effective board, which is collectively responsible for the success of the organisation.

The board's role is to provide leadership of the organisation within a framework of prudent and effective controls which enables risk to be assessed and managed.

The board should

- set the organisation's strategic aims,
- ensure that the necessary financial and human resources are in place for the company to meet its objectives,
- review management performance,
- set the organisation's values and standards, and
- ensure that its obligations to its stakeholders are understood and met.

All board members must take decisions objectively in the interests of the organisation.

As part of their role as board members, independent members should:

- constructively challenge and help develop proposals on strategy,
- scrutinise the performance of management in meeting agreed goals and objectives,
- monitor the reporting of performance,
- satisfy themselves on the integrity of financial information and that financial controls and systems of risk management are robust and defensible.

Citizen Centred Governance

Values and principles

LHB and NHS Trusts' values should be built on the Welsh Assembly Government's Citizen Centred Governance principles and the core set of NHS values. All of these will provide a framework for good governance and embody the values and standards of behaviour expected to be seen at all levels of the service, locally and nationally.

The extent to which the new organisations across the NHS are able to demonstrate their alignment with these principles will contribute to the Minister's annual review of NHS bodies' performance.

The Assembly Government's Citizen Centred Governance principles:

- **Putting the citizen first** - putting the citizen at the heart of everything and focusing on their needs and experiences; making the organisation's purpose the delivery of a high quality service.
- **Knowing who does what and why** - making sure that everyone involved in the delivery chain understands each other's roles and responsibilities and how together they can deliver the best possible outcomes.
- **Engaging with others** - working in constructive partnerships to deliver the best outcome for the citizen.
- **Living public sector values** - being a value-driven organisation, rooted in Nolan principles and high standards of public life and behaviour, including openness, customer service standards, diversity and engaged leadership.
- **Fostering innovative delivery** - being creative and innovative in the delivery of public services –working from evidence, and taking managed risks to achieve better outcomes.
- **Being a learning organisation** - always learning and always improving service delivery.
- **Achieving value for money** - looking after taxpayers' resources properly, and using them carefully to deliver high quality, efficient services.

The Nolan Principles of Public Life

"The only way to be sure that they do the right thing is to keep an eye on them, to challenge them, to hold them to account and, above all, to take part in them." Nolan 1996

The Nolan Committee concluded in 1995 that public bodies should draw up Codes of Conduct incorporating the following principles, and that internal systems for maintaining standards should be supported by independent scrutiny.

The Seven Principles of Public Life:

- **Selflessness:** Holders of public office should take decisions solely in terms of the public interest. They should not do so in order to gain financial or other material benefits for themselves, their family, or their friends.
- **Integrity:** Holders of public office should not place themselves under any financial or other obligation to outside individuals or organisations that might influence them in the performance of their official duties.
- **Objectivity:** In carrying out public business, including making public appointments, awarding contracts, or recommending individuals for rewards and benefits, holders of public office should make choices on merit.
- **Accountability:** Holders of public office are accountable for their decisions and actions to the public and must submit themselves to whatever scrutiny is appropriate to their office.
- **Openness:** Holders of public office should be as open as possible about all the decisions and actions that they take. They should give reasons for their decisions and restrict information only when the wider public interest clearly demands.
- **Honesty:** Holders of public office have a duty to declare any private interests relating to their public duties and to take steps to resolve any conflicts arising in a way that protects the public interest.
- **Leadership:** Holders of public office should promote and support these principles by leadership and example.

Conflicts of Interest

“Do the right thing. It will gratify some people and astonish the rest.” Mark Twain

The NHS, like other public bodies, requires high levels of probity and is subject to public scrutiny. It is important that board directors do not act in a way that would compromise the reputation of the organisation.

Any interest that might compromise the organisation should be declared - if in doubt, declare. You should also check that your declaration has been recorded and adequately scrutinised. It is good practice for the Chair of the board to ask for any new potential conflicts at the beginning of a meeting. If you realise you have failed to declare something, don't worry, but declare as soon as possible. Baroness Rennie Fritchie, the ex-Commissioner for Public Appointments, suggests the following as a conflicts protocol:

1. Declare the conflict but continue to participate in the discussion.
2. Declare the conflict and abstain from discussing and deciding a particular issue.
3. Delegate your function e.g. chairing, on a temporary basis.
4. Resign – either before you become conflicted or once a conflict arises.

Declarations may be requested by the press or public under the Freedom of Information Act.

Staff are also required to declare interests and act appropriately. For example, any staff who are in contact with suppliers and/or contractors, in particular those authorised to sign purchase orders, are expected to adhere to professional standards of the kind set out in the Ethical Code of the Institute of Purchase and Supply.

Improving Board Effectiveness

Effective boards in the NHS

The behaviour and culture of a board are key determinants of the board's performance.

Good board governance cannot be legislated for but can be built over time.

According to Sonnenfeld (*What makes great boards great?* Harvard Business Review, September 2002), the 'best bets' for success are:

- A climate of trust and candour in which important information is shared with all board members and provided early enough for them to digest and understand.
- A climate in which dissent is not seen as disloyalty and in which mavericks and dissenters are not punished.
- A fluid portfolio of roles for directors so individuals are not typecast into rigid positions on the board.
- Individual accountability with directors given tasks that require them to inform the rest of the board about issues facing the organisation.
- Regular evaluation of board performance.

The publication identified four characteristics of effective boards:

- A focus on strategic decision-making.
- Board members who trust each other and act cohesively/ behave corporately.
- Constructive challenge by board members of each other.
- Effective chairs who ensure meetings have clear and effective processes.

Board Etiquette

Board etiquette in the NHS has evolved over time. The following represents points of etiquette that are widely used across the UK.

Boards and their members should:

1. Take decisions and abide by them.
2. Be explicit in the delegated authority you have to take decisions, and when you need to seek higher authority.
3. Respect one another as possessing individual and corporate skills, knowledge and responsibilities.
4. Be honest, open and constructive.
5. Show determination, tolerance and sensitivity - rigorous and challenging questioning, tempered by respect.
6. Be courteous and respect freedom to speak, disagree or remain silent.
7. Support the Chair and colleagues in maximising scope and variety of viewpoints heard.
8. Ensure individual points are relevant and short.
9. Listen carefully to all ideas and comments and be tolerant to other points of view.
10. Regard challenge as a test of the robustness of arguments.
11. Be sensitive to colleagues' needs for support when challenging or being challenged.
12. Ensure no one becomes isolated in expressing their view.
13. Treat all ideas with respect.
14. Allow differences to be forgotten.
15. Show group support and loyalty towards each other.
16. Read all papers before the meeting, clarify any points of detail before the meeting, be punctual and participate fully.
17. Focus discussion on material issues and the resolution of issues.
18. Make the most of time.

Board Etiquette

Boards and their members **should not**:

1. Refer to past systems or mistakes as being responsible for today's situation.
2. Act as 'stoppers' or 'blockers'.
3. Regard any arrangements as unchangeable or unchallengeable.
4. Adopt territorial attitudes.
5. Give offence or take offence.
6. Regard papers presented as being 'rubberstamped' without discussion or agreement.
7. Act in an attacking or dismissive manner.
8. Become obsessed by detail and lose the strategic picture.
9. Breach confidentiality.

Board Member Roles

"I have seen boards that are entirely entrepreneurial and they are pretty scary. I have also seen boards that are entirely compliance driven, and they are terrifying." Julia Unwin

Which roles do we have and which are missing from our board? Julia Unwin, Chief Executive of the Joseph Rowntree Foundation, has identified a number of different roles, and these all pose different questions:

- **Peacemaker** - can't we find a common way?
- **Challenger** - can't we do better? Is it just because it has always been done this way?
- **History holder** - we need to go back to our roots, and remember what worked in the past.
- **Compliance queen** - always says, "can we afford it? What will the auditors say? Is this legal?"
- **Passionate advocate** - will respond, "surely we must take a risk, we must do more".
- **Data champion** - all the evidence shows that however often we do that, it makes no difference to the outcomes.
- **Wise counsellor** - says, "we are not the only people trying to tackle this issue, we need to think carefully, plan properly, and take this step by step".
- **Inspiring leader** - will describe his/ her vision, will enthuse and excite.
- **Fixer** - says "I think we can get together later and sort this out".
- **Risk taker** - says, "the crisis is simply too great. Let's just spend the money, the funds will flood in".
- **Strategist** - says, "we need to think beyond 2012, and then our position will be much stronger and the whole environment will be different".
- **User champion** - says, "I am worried that we are ignoring the interests of our users. We haven't mentioned their needs all through this meeting".

Taking it on Trust

The Audit Commission observes in its report, *Taking it on Trust* (2009), that some NHS boards in England appear to have become too trusting, with little constructive challenge or debate about strategic issues. A reason for this lack of challenge included the desire to present a united public face in public meetings. Challenge should not be seen as the preserve of non-executives scrutinising the executive team.

Steve Bundred, Chief Executive of the Audit Commission said:

'Our evidence suggests that, while processes are in place, many board members ... are not always getting the right information that is needed to go hand-in-hand with the critical nature of work in hospitals. The NHS has, in many cases, been run on trust. But those who are charged with running our hospitals must be more challenging of the information they are given and more skeptical in their approach. Healthcare is inherently risky and complex, and assurance is not easy in the public or private sectors. To do their jobs properly, NHS board members must review their risk management arrangements so that they can be absolutely confident that their trust is providing high quality care by well-trained staff in a safe environment all of the time.'

In its report the Audit Commission found that:

- board assurance processes are generally in place but must be rigorously applied;
- board members are not always challenging enough; and
- the data received by boards is not always relevant, timely or fit for purpose.

Underlying the report was a sense that the board must create a culture where there is healthy debate. Independent members should not accept something is working just because a director says it is so.

"No organisation can operate without a measure of trust among the key individuals. However, the larger and more complicated the organisation, the less the board can rely on such informal relationships and the more important it is for people to understand the system and what is done by others."

Balance between Strategy and Drill Down

"You may not be interested in strategy, but strategy is interested in you."

Leon Trotsky

The board's job is to be strategic, to look forward and up. But it must have confidence that strategies are being delivered, decisions are being acted upon and that all staff understand their roles and responsibilities.

Board members will have a number of systems and supports to build assurance that these are happening but they must be prepared to ask the right questions and support each other in securing an acceptable response.

Key things to look for are:

- **Annual Cycle of Business:** A planned programme for the year ensuring board meetings cover the key annual events and anticipate critical decision taking. The cycle of business allows boards to plan their away day programme to ensure they cover emerging issues and help to shape national and local strategies.
- **Board assurance framework:** A top down listing of key objectives with risks identified together with controls and assurance. Where there are gaps in controls or assurance, action plans will be identified.
- **Decision tracking systems:** that records decisions taken by the board, its sub committees and partnership boards.
- **Internal and external audit:** Audit plans will be drawn up with the internal and external auditors to ensure systems are working in all areas of LHB/NHS Trust activity and that there is a strategy for clinical audit that includes an annual plan addressing national and local priorities.
- **Board Assurance Prompts:** that identify key clinical and assurance areas that boards should address and provide some guidance on the kinds of questions that should be asked and what acceptable and unacceptable responses look like.

The Diligent Dozen

"The important thing is not to stop questioning. Curiosity has its own reason for existing." Albert Einstein

Boards should be robust in asking questions and demanding adequate answers. The 'diligent dozen' set of questions is:

1. What is the strategic purpose and vision of the organisation?
2. What are the short, medium and long term objectives for achievement for us to strive for?
3. How are resources allocated to bring it about, in particular the financial and human resources?
4. How is the management organisation geared to the achievement of the strategy?
5. Financial controls – how do they work?
6. Operational controls – how do they work?
7. What are the management priorities in the near, intermediate and long term?
8. Past and present performance – what progress has been made towards achievement of the organisation's short, medium and long term goals? How is our performance compared with that of others?
9. What specific underlying forces determined these results?
10. Constituency protection – what mechanisms are in place to ensure that the interests of all stakeholders are addressed and that the appropriate statutory and regulatory requirements are met?
11. What litigation and disputes risks and arrangements do we have?
12. How well are we able to respond to crises and what contingency plans and processes are in place?

The Role of the Board Secretary

"Time is the scarcest resource and unless it can be managed nothing else can be managed." Peter Drucker

Boards should have in place well developed and well understood support mechanisms. These should enable the board to discharge its responsibilities effectively and efficiently. The Board Secretary's prime function is to lead the design and ongoing development of a governance and assurance framework for the organisation and ensures that it meets the standards of good governance set for the NHS in Wales.

Key points of the Board Secretary's role:

- Keeping under review legislative, regulatory and governance developments that impact on the LHB/Trust's activities and ensuring that the board is appropriately briefed on them.
- Winning the confidence of the board - acting as 'wise counsel' providing a confidential sounding board to the Chair and individual board members on all aspects of board business including issues of concern.
- Guiding the board in the responsible and effective conduct of its role, providing, where appropriate, a discreet, challenging and independent voice in relation to board deliberations and decision making.
- Ensuring that in all its dealings, the board acts fairly, with integrity, and without prejudice or discrimination.
- Contributing to the development of an organisational culture that embodies NHS values and standards of behaviour.

As advisor to the board, the Board Secretary is not a board member, and the role does not affect the specific responsibilities of board members for governing the organisation.

Integrating the Governance Agenda

In gaining an overall view of the organisation, boards need to consider the different themes and streams of governance including corporate, clinical, information and research, risk, quality, value for money, priorities and performance.

The menu of issues needing to be considered together to ensure effective overall and connected governance has **nine key elements**:

1. Clarity of purpose aligned to objectives and intent.
2. Strategic annual agenda cycle with all agendas integrated encompassing activity, resources and quality.
3. Board Assurance System in place.
4. Decision-taking supported by intelligent information.
5. Streamlined committee structure; clear terms of reference and delegation; time limited.
6. Audit Committee strengthened to cover all governance issues.
7. Development review of board members.
8. Appoint a Board Secretary
9. Board etiquette agreed.

Annual Cycle of Business

"Success is simple. Do what's right, the right way, at the right time."

Arnold H Glasgow

An effective board will set out a programme for the year ensuring its board meetings cover the key annual events and anticipate critical decision taking. The programme will of course change but this allows the board to ensure that:

- committees of the board are clear by when they must conclude business and scrutiny,
- annual surveys of staff and patients inform plans,
- regulators and audit reports are prepared and presented in a timely manner,
- the board can meet to receive and sign off key documents such as the annual accounts, statement of internal control, compliance against standards and the annual report,
- boards and committees can revisit strategies and influence annual plans.

The cycle of business should include assigned and protected time for boards to consider emerging issues and help to shape national and local strategies.

The impact of an annual cycle of business is likely to raise more issues than can be accommodated in monthly meetings but this will drive a thoughtful approach to delegated authority to officers and sub committees and encourage more analysis to be put into routine finance, performance and risk reports.

Regulation and Inspection

Board members have a duty at all times to act within the law, and in particular to ensure that the organisation over which they preside causes no unnecessary harm. Recent changes in statute on Corporate Manslaughter have attracted particular attention.

The primary responsibility for improving services rests with those who provide and commission them, within the requirements of legislation and government policy. Public authorities and those who work on their behalf need effective systems to ensure they fulfil requirements, achieve value for money, develop their services, manage their performance and account to the public, with the aim of continuous improvement. External review can complement these responsibilities but cannot replace them.

Regulators who register services or service operators (thus allowing them to operate) help ensure minimum standards and provide a formal recourse if regulations are not met. They must work closely with the services they inspect, audit or regulate, without compromising their independence, to facilitate their work and to help services improve (Inspection, Audit and Regulation in Wales, Policy Statement September 2009).

Healthcare Inspectorate Wales (HIW) is the independent inspectorate and regulator of all healthcare in Wales. HIW's primary focus is on:

1. Making a significant contribution to improving the safety and quality of healthcare services.
2. Improving citizens' experience of healthcare whether as a patient, service user, carer, relative or employee.
3. Strengthening the voice of patients and the public in the way health services are reviewed.
4. Ensuring that timely, useful, accessible and relevant information about the safety and quality of healthcare is made available to all.

Risk Management and Assurance

'Nid da lle gellir gwell': Good is only good until you find better

The past decade has seen significant development to board practice. In particular they must assure themselves that internal controls are in place and operating effectively. NHS board members need to understand, question and assess risk on an informed and ongoing basis.

Key points:

- Board assurance processes must be in place and rigorously applied;
- Boards should keep under review their risk management arrangements, including the way in which risks are reported to the board and how they identify and evaluate potential sources of assurance;
- Boards should feel confident at all times that they understand and are alerted to any significant failures in controls or gaps in assurance;
- Good use should be made of internal audit and clinical audit to provide assurance to the board and for systematic data quality reviews;
- Board members should feel able to challenge in discussing areas of concern;
- The data received by boards must always be relevant, timely and fit for purpose.

As public bodies, LHB/NHS Trusts are appropriately subject to scrutiny and review, but no external body can be as effective in that role as the local board. The board should have in its mind that it is the first line regulator on behalf of the public.

The Welsh Assembly Government will be developing arrangements and guidance in this area.

Stakeholders and Partnerships

"If we are together nothing is impossible. If we are divided all will fail."
Winston Churchill

One of the Welsh Assembly Government's expectations of the new NHS in Wales is that services in the community are designed to meet varying local needs and are delivered through effective partnership working at a local level. It is recognised that health services, and the organisations which deliver them, have boundaries which have to be managed. In the past, organisational boundaries within the NHS in Wales have been seen to inhibit collaborative working.

A significant challenge in building the new NHS will be the creation of a network of organisations, which are effective in delivering within their own areas of responsibility, and creative in working in partnership to deliver broader population benefits across the health system, within which such behaviour can flourish.

There are three areas to address in respect of the best way to maintain and improve local relationships:

- Effective planning and delivery – LHBs and NHS Trusts must develop and implement plans that ensure that NHS Wales delivers, but also that wherever possible these take place in a local and partnership context.
- Clear decision-making – LHBs and NHS Trusts must make clear decisions on the areas for which they will be held accountable, but also allow this to be achieved in a collaborative manner given the increasing agenda with local stakeholders.
- Governance and assurance (the barometer test) – the board must have internal assurance of progress within its locality structures, supporting the board, whilst also being subject to external community and partnership scrutiny.

Governance Between Organisations

"Problems often occur at the borders between one organisation or team and another." Learning from Investigations, Healthcare Commission, Feb 2008.

"In the absence of formal governance arrangements, responsibility for supporting the governance of partnerships falls to partners' own corporate governance mechanisms." Governing Partnerships, Audit Commission, 2005.

Ten simple rules for governance between organisations:

Continuity of Care

1. Jointly commission outcomes and connectivity of care pathways from primary through acute, diagnostics, tertiary to community and home.
2. Patient referral or data: Take the extra step – have they arrived: what has not arrived?
3. Review and apply lessons from investigations elsewhere (NHS and other sectors). Could it happen here?

Partnerships and networks

4. Jointly audit critical processes across the boundary (clinical, financial, information etc) at appropriate depth & frequency respective to risk.
5. Be consistent in telling patients/carers what they are entitled to and when they are holding responsibility for their own care.
6. Check your partners/suppliers have the capacity to deliver their obligations.

Mutual Aid and business continuity

7. Engage with other organisations to support you in case of long term or widespread service collapse.
8. Establish and test partner forums and networks to coordinate planning and review progress.

Assurance

9. Include reputational risks and potential failure of partners and suppliers in the Board Assurance Framework (BAF).
10. Apply rules for new staff (CRB checks, data handling, competence, qualifications etc) to existing and agency staff.

'The only stupid question is the one that is never asked'

Clinical audit was originally a process by which clinicians reviewed their own practice, but is now recognised as capable of giving information and assurance about clinical quality as a whole.

1. Clinical audit can be used as a strategic tool; your organisation's clinical audit strategy should be allied to the broader interests and targets that the board needs to address.
2. There should be direction and focus on how and which clinical audit activity will be supported in the organisation.
3. There should be appropriate processes for instigating clinical audit as a direct result of adverse clinical events, critical incidents, and breaches in patient safety.
4. The clinical audit programme should be checked for relevance to board strategic interests and concerns. It is important that results are turned into action plans, followed through and re-audit completed.
5. There should be a lead clinician who manages clinical audit within the organisation, and who is clearly accountable at board level.
6. Patient involvement should be considered in all elements of clinical audit including priority setting, means of engagement, sharing of results and plans for sustainable improvement.
7. Clinical audit should be built into and inform planning, performance management and reporting.
8. Clinical audit should cross care boundaries and encompass the whole patient pathway.
9. The criteria of prioritisation of clinical audits should balance national and local interests, and the need to address specific local risks, strategic interests and concerns.
10. Check if clinical audit results and complaints are evidence based and if so, develop a system whereby complaints act as a stimulus to review and improvement.

Community Engagement

"There was a definite process by which one made people into friends, and it involved talking to them and listening to them for hours at a time." Rebecca West (1892 - 1983)

If relationships between Local Health Boards, NHS Trusts and their stakeholders are to flourish, they will find themselves steering a course between many different interests and expectations within their communities.

Engaging citizens in policy making is an essential ingredient of good governance. Board members and senior managers should show explicit commitment to help ensure that they model the behaviour within their organisations that underpins effective engagement. This behaviour includes active leadership to ensure there is a coherent, corporate and consistent approach to engagement. It also requires members and senior managers to champion the needs of users and communities, and to lead by example in listening, openness and honesty (Office of Public Management, *Engaging Communities*, March 2008).

NHS organisations can adopt a range of different approaches to engaging with citizens grouped under three headings:

- **Passive approaches:** where citizens are invited to respond to predetermined issues or questions.
- **Deliberative approaches:** where citizens are involved in a two-way dialogue allowing them to challenge and question evidence presented to them.
- **Participatory approaches:** where citizens are actively and directly involved in the planning/decision making process at all stages.

The most effective organisations use a wide range of approaches to engage as many people as possible such as:

- | | |
|--------------------|---------------------------|
| • meetings | • television and local |
| • citizens' juries | radio |
| • surveys | • newspapers |
| • websites | • face-to-face via front- |
| • texting | line staff. |

They ensure that they are reaching the right people, in the right way, about the right things, at the right time.

Governance in a Cold Climate

'Be the change you wish to see in the world'. Gandhi

What are the lessons for leading and managing during difficult times? Check that your organisation is being proactive with Neil Goodwin's 10-point plan (<http://www.goodwinhannah.co.uk>).

1. Assess your position in terms of financial management, service delivery and strategic change. Where are you delivering and where are you struggling? What are your strengths and weaknesses and those of your key partners?
2. Speed up system reform and re-engineering. Do not wait.
3. Review your team's capability and capacity. It needs to be match fit. If you have team weaknesses address them now.
4. Assess the strength and depth of your inter-organisational relationships. The first meaningful conversation should not be about the impact of the economic downturn.
5. Scenario plan for the future, exploring the impact of decreasing amounts of growth.
6. Critically review your organisation's priorities and develop Plan Bs for those you cannot put off. Start incorporating risk assessment in planning.
7. Communicate. Be honest and realistic with staff because above all else they will be looking for leadership. Don't withhold difficult messages. Staff will want the opportunity to contribute to solutions to wicked problems.
8. Seek external help if necessary, but be very specific about the outcomes you want.
9. Keep your nerve and maintain a balanced perspective. Do not panic. Plan ahead. Future-gazing is an activity that far too few boards spend time on.
10. Be positive and optimistic. It is OK for leaders to say they do not always have the answers, but negative emotions are infectious in organisations.

Useful Links

- The first port of call should be the Welsh NHS Confederation website: www.welshconfed.org
- Welsh Assembly Government: www.wales.gov.uk
- Health of Wales Information Service: www.wales.nhs.uk
- Good Governance Institute: www.good-governance.org.uk
- NHS Wales governance emanual: www.nhswalesgovernance.com
- Wales Audit Office: www.wao.gov.uk
- Healthcare Inspectorate Wales: www.hiw.org.uk
- NLIAH: www.nliah.wales.nhs.uk
- Institute of Directors: www.iod.com

THE **WELSH NHS** CONFEDERATION
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About the Welsh NHS Confederation

The Welsh NHS Confederation represents the organisations making up the NHS in Wales: trusts and local health boards. We act as an independent voice in the drive for better health and better healthcare through our policy and influencing work, and by supporting members with events, information and training. To find out more about us go to -

www.welshconfed.org