

NORTHUMBERLAND TYNE AND WEAR NHS FOUNDATION TRUST

BOARD OF DIRECTORS

Meeting Date: 23rd September 2015

Title and Author of Paper:

Corporate Governance Review Update

Lisa Quinn, Executive Director of Performance & Assurance

Paper for Debate, Decision or Information: Information

Key Points to Note:

- Monitor's "Well-led framework for governance reviews" is intended to support NHS foundation trusts in gaining assurance that they are well led. Monitor's guidance includes a series of questions and examples of good practice against the 4 domains of Strategy and Planning, Capability and Culture, process and structures, and Measurement to support a self assessment by the Board of Directors.
- At a Board Development Session in June 2015 the Board of Directors reviewed evidence relating to Strategic Planning and the Well –led framework and reached a consensus on rating the Board's performance against the key questions. This report summarises the outcome of the Board's self assessment.
- This report also provides an update on the appointment of the independent external reviewers, based upon the specification of work previously approved by the Board, the intention being to carry out the review throughout October/November.

Outcome required:

To formally note the outcome of the Board's self assessment and next steps.

Update on Well Led Framework for Governance Reviews

1. Background

In July 2014 the Board of Directors reviewed Monitor's Guidance: Well-led framework for governance reviews: guidance for NHS foundation trusts (May 2014), including the need for an external review of the Trust's governance **every three** years. The framework also sets out what the focus of the review should be and suggested review activities and outputs. Following discussion, the Board delegated authority to the Director of Performance and Assurance to organise and to agree the timing of the governance review with the Chair, Chief Executive and Executive Directors, but the timing should be in the next 12 months.

In October 2014 the Board of Directors reviewed the lessons learnt from the 3 foundation trusts who piloted a governance review to inform the Monitor's guidance in January-February 2014 and in the light of these agreed a proposed approach with regard to the timing and arrangements for this Trust's governance review. The Board of Directors received a subsequent progress report in November 2014 and January 2015.

Monitor's Guidance: Well-led framework for governance reviews: guidance for NHS foundation trusts (May 2014) includes a series of questions and examples of good practice against the four domains of Strategy and Planning, Capability and Culture, Process and Structure and Measurement to support a self assessment by the Board of Directors.

This paper confirms the outcome of the Board of Directors self assessment against the four domains of Strategy and Planning, Capability and Culture, Process and Structure and Measurement and provides an update on the appointment of the independent external reviewers, based upon the specification of work previously approved by the Board, the intention being to carry out the review throughout October/November.

2. The Board of Directors Self Assessment

To support the Board of Directors with their self assessment against the four domains of Strategy and Planning, Capability and Culture, Process and Structure and Measurement a draft initial desk top assessment was

completed with evidence provided from a variety of sources, including papers from the Board and its sub committees, relating to each of the questions under the four domains. The source of the documentary evidence used has been noted and this is being brought together into an electronic library.

In the course of completing the initial desk top self assessment areas of improvement/Emerging Actions were also identified in terms of some of the specific questions. The Executive Directors reviewed these and an Emerging Action/Action Plan was agreed and progressed.

At a Board Development Session in June 2015 the Board of Directors reviewed the evidence collated relating to Strategic Planning and the Well –led framework and reached a consensus on rating the Board's performance against the key questions.

A summary of the ratings agreed is included in Appendix 1 and 2.

3. The Appointment of External Reviewers

To gain maximum benefits and assurance from the reviews, Monitor consider that **independent reviewers** should be used to ensure objectivity. Generally, Monitor considers reviewers should not have carried out audit or governance related work for the Trust during the previous three years. While the ultimate choice of reviewer is up to the Board, review teams should be multi skilled and bring different disciplines to the work including:

- Experience of evaluating board leadership and governance arrangements;
- Knowledge of the healthcare sector and
- Specialist expertise, specifically clinical, leadership experience (including culture and board development) and management information systems.

The review is to be commissioned by the Trust for the Trust, the responsibility for appointment of the independent reviewers is with individual foundation trusts.

The Guidance suggests that the following diagnostic tools and methods could be used in carrying out the review:

- Desk top document review;
- One to one interviews;
- Stakeholder Surveys;
- Focus groups with internal and external stakeholders;
- Board and sub committee observations;

- Board skills inventory;
- Board self assessment.

Having regard to Monitor guidance and the lessons learnt from the pilots an outline of a draft specification for the appointment of the Trust's External Reviewers was developed and approved by the Board in January 2015.

The Trust has been particularly impressed by Deloitte's experience in this field' interest and understanding of the Trust together with their approach and review of the Trust to date. They have already conducted nationally 25 Well led governance reviews and have provided references. The Trust has therefore formally approached Deloitte with a view to agreeing costs.

4. Recommendation

It is recommended that the Board of Directors:

- Formally agree the ratings agreed by the Board at their Board Development Session against the four domains of Strategy and Planning, Capability and Culture, Process and Structure and Measurement
- Note the formal approach to Deloitte with a view to agreeing costs and the intention to carry out the review throughout October/November.

Lisa Quinn
Executive Director Performance and Assurance
September 2015

APPENDIX 1

**NORTHUMBERLAND, TYNE AND WEAR NHS FOUNDATION TRUST
GOVERNANCE REVIEW
STRATEGIC PLANNING BOARD SELF ASSESSMENT
JUNE 2015**

STEP ONE: EVALUATION OF PLANNING PROCESSES

Relevant hallmarks of high quality strategic planning	Yes/Partial/No	Suggested Area of Note/Improvement
1. Has the organisation put in place a structured strategic planning process to guarantee that the board and the executive team regularly spend time discussing strategic issues at the correct point in the trust calendar?	YES	A Board Strategy Group to be established
2. Do the board and executive team have strategic planning background and skills?	YES	None
3. Do the board and the executive team have an identified, responsible and skilled supporting staff to draw on when they carry out strategic planning?	YES	Ensure maintenance and continuity of strategic planning skills as a part of the Corporate Services Review.
4. Do the board and executive team have regular and frank strategy discussions with a range of LHE stakeholders (eg commissioners and other providers) and understand their perspective?	YES	None

STEP TWO: EVALUATION OF PLAN CONTENT

Relevant hallmarks of high quality strategic planning	Yes/No	Suggested Area of Note/Improvement
1. Has the organisation quantified the risks to its clinical and financial sustainability and developed transformational plans by drawing on accurate inputs, including internal performance information and external market data, which it has analysed and presented correctly?	YES	Refresh the Trust's Integrated Business Plan and supporting strategies in 2015/16
2 Can the board and executive team declare that their organisation will be financially and clinically sustainable according to current regulatory standards in one, three, five and ten years, if it keeps its current configuration and service profile?	The Board reviewed evidence and completed declaration of clinical and financial sustainability in April 2015. Continued sustainability with existing service profile going forward is subject to external factors.	Refresh the Trust's Integrated Business Plan and supporting strategies in 2015/16 (to include review of existing service profile).
3.Has the organisation identified a vision that establishes why and how the organisation should change or transform, if necessary to deliver high quality and efficient patient care and address any sustainability gap identified?	YES	Review the Trust's Strategic Objectives as a part of the refresh of the Trust's Integrated Business Plan in 2015/16
4.Is that vision supported by plans for initiatives that can be shown to address any sustainability gap identified?	Partial plans in place but subject to external influences.	Refresh the Trust's Integrated Business Plan and supporting strategies in 2015/16 (to include existing service profile).

		Continue to work with Commissioners and stakeholders on the development of plans to address any sustainability gaps.
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STEP THREE: EVALUATION OF PLAN DELIVERY

Relevant hallmarks of high quality strategic planning	Yes/No	Suggested Area of Note/Improvement
1 Does the Trust have detailed delivery plans for each of its strategic initiatives that lay out milestones, resource requirements, dependencies and risk mitigations?	YES but the Trust is coming to the end of its existing strategy.	Refresh the Trust's Integrated Business Plan and supporting strategies in 2015/16 (to include a review of the existing service profile). A Board Strategy Group to be established.
2. Does the trust have skilled staff to implement those delivery plans?	Partial	Workforce Planning to be further developed. This standard recommends that trusts review quarterly the total staffing requirements (FTE staffing levels and skill mix) to deliver each initiative individually, and all of the strategic initiatives supporting

		<p>the vision collectively. This standard also recommends that trusts review quarterly the staffing capacity and skills development plan.</p>
<p>3. Are trust staff, patients and other stakeholders able to explain the ambition and initiatives of the provider when asked, and do they know what they must do to deliver both?</p>	<p>Partial</p>	<p>Continue to communicate and involve staff regarding the Transformation of Services, plans, the benefits and their responsibilities.</p> <p>Map out the extent to which the Trust is explaining the Trust's ambition and initiatives and agree a way forward.</p>
<p>4. Are strategic plans reviewed and updated yearly to keep them relevant?</p>	<p>YES</p>	<p>None.</p>

Self Assessment completed at Board Development Session 24th June 2015

APPENDIX 2

NORTHUMBERLAND, TYNE AND WEAR NHS FOUNDATION TRUST
GOVERNANCE REVIEW
WELL-LED FRAMEWORK-BOARD SELF ASSESSMENT OUTCOME
SUMMARY

JUNE 2015

Domain 1: Strategy and Planning						
Q1. Does the board have a credible strategy to provide high quality, sustainable services to patients and is there a robust plan to deliver?						
RAG Rating	Red		Amber		Green	
Q2. Is the board sufficiently aware of potential risks to quality, sustainability and delivery of current and future services?						
RAG Rating	Red		Amber		Green	
Domain 2: Capability and Culture						
Q3. Does the board have the skills and capability to lead the organisation?						
RAG Rating	Red		Amber		Green	
Q4. Does the board shape an open, transparent and quality focused culture?						
RAG Rating	Red		Amber		Green	
Q5. Does the board help support continuous learning and development across the organisation?						
RAG Rating	Red		Amber		Green	

Domain 3:Process and structures						
Q6. Are there clear roles and accountabilities in relation to board governance (including quality governance)?						
RAG Rating	Red		Amber		Green	
Q7. Are there clearly defined, well-understood processes for escalating and resolving issues and managing performance?						
RAG Rating	Red		Amber		Green	
Q8. Does the board actively engage patients, staff, governors and other key stakeholders on quality, operational and financial performance?						
RAG Rating	Red		Amber		Green	

Domain 4:Measurement						
Q9. Is appropriate information on organisational and operational performance being analysed and challenged?						
RAG Rating	Red		Amber		Green	
Q 10. Is the board assured on the robustness of information?						
RAG Rating	Red		Amber		Green	

Self Assessment completed at Board Development Session 24th June 2015