

Agenda item 12**Enclosure****PAPER G****Report to:** Trust Board – 24 November 2014**Author:** John McIlveen, Trust Secretary**Presented by:** John McIlveen, Trust Secretary**SUBJECT:** Well-Led Framework for Governance reviews

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|--|-----|
| Can this report be discussed at a public Board meeting? | Yes |
| If not, explain why | |

| | | | |
|-------------------------------------|--------------------|------------------|--------------------|
| This Report is provided for: | | | |
| Decision | Endorsement | Assurance | Information |

EXECUTIVE SUMMARY

- Monitor's Risk Assessment Framework, published in October 2013, included a requirement for Foundation Trusts to carry out an external review of their governance every three years. The Trust will need to complete its assessment by the end of the 2016/17 financial year.
- Monitor has now published the relevant guidance in '*Well-led framework for governance reviews*'. A link to this document is included in this report.
- If delivered effectively, assessment against the well-led framework should provide boards with assurance over the effective oversight of the care provided throughout their trust.
- The assessment process comprises an initial self-assessment by the Board on 10 question areas within 4 domains which link to Monitor's Quality Governance Framework. These domains and question areas are mandatory, although Trust's may choose to add questions to test the robustness of other areas of governance, or to cover any other known areas of concern.
- The process involves an initial self-assessment by the Board, followed by a detailed review by an external reviewer, based on the findings of that self-assessment. Monitor provide a template for the self-assessment which collates the available evidence against each question, enables assignment of an initial priority rating in RAG format, and facilitates a wider discussion of the findings by the Board in order to inform the scope of a detailed external review.
- The format of this detailed review is not stipulated within the Monitor guidance and will be informed by the choice of reviewer.
- Findings from the detailed review are then included in a report for discussion by the Board, and action plans are developed where appropriate to address any risks and issues arising from the review. Finally, the Trust informs Monitor in writing that the review has taken

place, and sets out any material issues that have been identified along with proposed action plans to address them.

- It is for the Trust to procure an independent reviewer, who must be independent of the Trust Board. Monitor considers that reviewers should not have carried out audit or governance-related work for the Trust in the previous three years. The Trust will have to pay for the services of the independent reviewer.
- A report on the Well-led Governance Review process was presented to the Council of Governors on 10 September. Governors were asked to provide any comments on the approach the Trust intends to adopt, in order for the Audit Committee to take these into account when considering its recommendation to the Board. No comments have been received.
- The draft implementation plan and timetable for the Well-led Governance Review was considered by the Audit Committee at its meeting on 18 November. The timetable proposes a self-assessment beginning in December 2014, a review of the findings of the assessment and evaluation of any gaps at the Executive Committee during January/February 2015, and a formal recommendation to the February Board as to whether to proceed with an external review. Should the Board accept a recommendation to proceed, the Trust would seek to procure an external reviewer in the current financial year.
- Early completion of the review process will enable the Trust to build on its current good governance ratings and benchmarking outcomes, and thus to be better positioned with regard to the recent review led by Sir David Dalton which proposed an accreditation scheme as part of proposals regarding organisational options for the NHS.
- An early review will also enable the findings to inform the 2014/15 Annual Governance Statement, and the 2015 Corporate Governance Declaration.
- The Audit Committee agreed at its meeting on 18 November to recommend approval of this proposal to the Board.

RECOMMENDATIONS

The Board is asked to:

1. Consider and approve the proposed assessment process and timetable for a Well-Led Framework for Governance Review

| Corporate Considerations | |
|---------------------------------|---|
| <i>Quality implications:</i> | The well-led framework for governance reviews is intended to support the health system response to the Francis report. The CQC will ask Foundation Trusts how they have assured their governance arrangements as part of the 'ward to board' inspection regime. |
| <i>Resource implications:</i> | The Trust will be required to procure and fund the external reviewer |
| <i>Equalities implications:</i> | None identified. |
| <i>Risk implications:</i> | The Trust will need to provide Monitor with assurance and action plans to address any risks or issues identified through the governance review |

| WHICH TRUST STRATEGIC OBJECTIVE(S) DOES THIS PAPER PROGRESS OR CHALLENGE? | |
|--|---|
| Continuously Improving Quality | P |
| Increasing Engagement | P |
| Ensuring Sustainability | P |

| WHICH TRUST VALUES DOES THIS PAPER PROGRESS OR CHALLENGE? | | | |
|--|---|---------------------------|---|
| Seeing from a service user perspective | | | P |
| Excelling and improving | P | Inclusive open and honest | P |
| Responsive | P | Can do | P |
| Valuing and respectful | P | Efficient | P |

| Reviewed by: | | |
|---------------------|------|-----------------|
| Executive Committee | Date | 3 November 2014 |

| Where in the Trust has this been discussed before? | | |
|---|------|------------------|
| <i>Trust Board</i> | Date | July 2014 |
| <i>Council of Governors</i> | | September 2014 |
| <i>Audit Committee</i> | | 18 November 2014 |

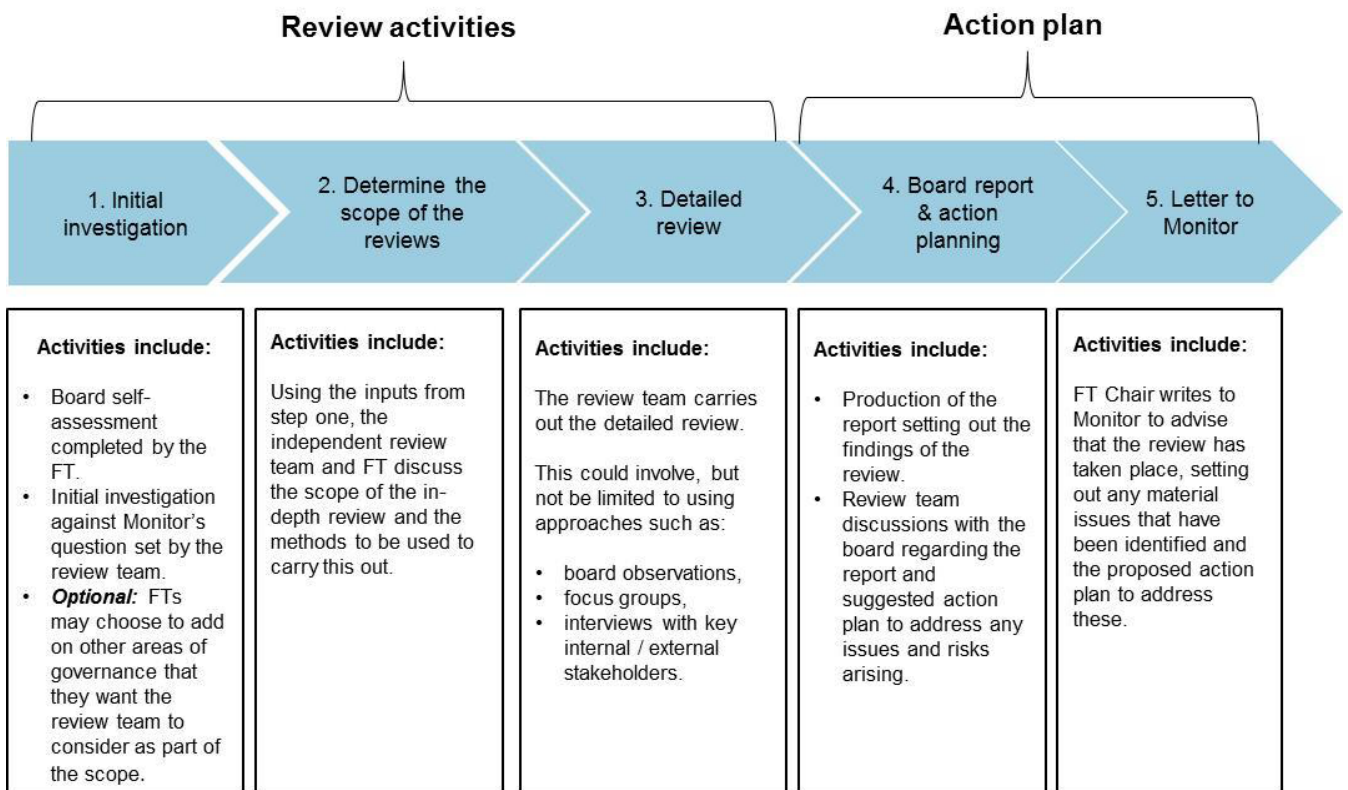
1. Background

- 1.2 Monitor's Risk Assessment Framework, published in October 2013, included a requirement for Foundation Trusts to carry out an external review of their governance every three years. Monitor has now published the relevant guidance in *Well-led framework for governance reviews*. This sets out the process for external reviews to be performed every three years, based on a Board self-assessment against the framework. The timing within the three year window is for Trusts to decide, although Trusts are expected to notify Monitor when planning the review.
- 1.2 *Well-led framework for governance reviews* is attached for information as Appendix A to this report, and can be found on the Monitor website at <https://www.gov.uk/government/publications/well-led-nhs-foundation-trusts-a-framework-for-structuring-governance-reviews>
- 1.3 The review process provides the Trust with an opportunity to assess the robustness of its governance arrangements at Board and Committee level, and thus of the implementation of the Trust's strategic priorities and organisational development

agenda. These issues represent a challenging agenda for the Trust; sound and effective governance will be instrumental in addressing that agenda successfully.

2 Governance reviews – the assessment process

- 2.1 The assessment process as set out in Monitor’s guidance comprises an initial self-assessment by the Board on 10 question areas within 4 domains which link to Monitor’s Quality Governance Framework. These domains and question areas are mandatory, although Trusts may choose to add questions to cover any other known areas of concern, or to test the robustness of other elements of the governance framework.
- 2.2 The assessment framework is supported by a body of good practice outcomes and an evidence base that reviewers can use to assess governance. These can be found in Annex 1 of the Monitor document.
- 2.3 The assessment process is summarised in the diagram below



2.4 The Monitor question set to be used during the review is set out in the table below

| Strategy and planning | Capability and culture | Process and structures | Measurement |
|--|---|---|---|
| Does the board have a credible strategy to provide high-quality, sustainable services to patients and is there a robust plan to deliver? | Does the board have the skills and capability to lead the organisation? | Are there clear roles and accountabilities in relation to board governance (including quality governance?) | Is appropriate information on organisational and operational performance being analysed and challenged? |
| Is the board sufficiently aware of potential risks to the quality, sustainability and delivery of current and future services? | Does the board shape an open, transparent and quality-focused culture? | Are there clearly defined, well understood processes for escalating and resolving issues and managing performance? | Is the board assured of the robustness of information? |
| | Does the board support continuous learning and development across the organisation? | Does the board actively engage patients, staff, governors and other key stakeholders on quality, operational and financial performance? | |

2.5 Monitor suggests that Boards complete the self-assessment as the first part of the process, and use the findings to inform the procurement of an external reviewer.

2.6 The external reviewer should be independent of the Board, and should not have been involved in audit or governance work with the Trust in the past 3 years. While Monitor's guidance gives a number of methods that the external reviewer may use to carry out the review, the precise methods used will be for agreement between the reviewer and the Trust, and will depend on whether the reviewer has their own diagnostic tools and methods to carry out a robust review.

2.7 Monitor does not have any plans to set up an accredited list of reviewers, and it will be for Trusts to procure a suitable independent reviewer to carry out this stage of the process. Monitor does, however, set out a number of criteria which Trusts should consider when choosing an independent reviewer to carry out reviews against the framework. Boards should assure themselves that the provider can carry out a robust and reliable judgment of its governance, and that the reviewer can demonstrate the following:

- a clear and concise understanding of the purpose and objective of the review, and its significance to NHS foundation trusts; a solid understanding of how to carry out a rigorous governance review, covering the specific areas detailed in the board governance review framework; and an appropriate range of tools and approaches to carry out the work
- relevant experience to carry out the work: the quality of the skills and experience of the reviewer are important to the success of a review, including:

- credibility and experience in carrying out governance and quality reviews at healthcare providers; ideally, a multi-disciplinary team with a broad range of skills relevant to all aspects of board leadership and governance, such as strategic planning, quality governance, cultural assessment, organisational development and management information and analysis
 - named personnel (and CVs in the response), and clarity about their role and what they'll do during the review
 - knowledge of the healthcare sector, and the internal and external challenges faced by trusts and
 - knowledge of Monitor's licence, and the broader regulatory framework the NHS foundation trust operates within
- ability to manage the review process: the reviewer should advise of the following as part of their response:
 - project governance: reviewers should provide a credible and detailed plan of the proposed project governance regime which includes the approach to the quality of the work, risk management, reporting and escalation lines. This should include evidence of clear leadership for the work with a named individual
 - implementation/project plan: reviewers should provide a credible and detailed project plan to meet the specification and requirements of the foundation trust, ensuring the review is completed within set timescales
 - capacity: reviewers must assure the board that they have the capacity to carry out the review and that named personnel are available to carry out the work
 - conflicts of interest/independent perspective: reviewers should declare any factors that may, potentially, reduce the independence of the reviews, eg if the firm has carried out any governance or board development/ review work with the foundation trust within the last 3 years.

2.7 There is no prescribed method for rating the reviews. However, Monitor suggests rating the self-assessment stage using a Red/Amber/Green rating as used in the Quality Governance Framework. The rating descriptions, and the self-assessment proforma can be found on page 49 onwards of the Monitor document, but are also attached as Appendix B to this report for ease of reference.

2.8 Following the review, Trusts have 60 days to write to Monitor confirming 'no material governance concerns' or explaining what the concerns are and the actions planned to address those concerns.

3 Suggested approach for ²gether

3.1 The Trust will follow the process set out in Monitor's guidance, as depicted above. In addition to the 10 mandatory question areas set by Monitor, the Trust will add two further questions to the review process, to cover the following areas:

- How the Trust establishes and maintains effective relationships to influence external environment to achieve organisational strategy.
- The level to which the organisation is appropriately networked to be well informed when determining its strategy and its delivery.

- 3.2 The initial stage of the review process is a self-assessment using the Monitor question set, supplemented by questions covering the Trust's additional review areas. This self-assessment will take the form of a review of evidence available to demonstrate compliance against each of the questions, and to highlight any gaps. As suggested by Monitor, the Trust Secretary will collate the available information and evidence against each question, and will liaise with one or more Executive Directors to ensure completeness. This is the same approach used to enable the Board to sign off its annual Corporate Governance Declaration to Monitor, and to draft the Trust's Annual Governance Statement. Findings from the self-assessment will be assigned a RAG rating in line with the guidance in the Monitor document. The completed document will be presented initially to the Executive Committee for discussion and challenge.
- 3.3 Following an initial review of the findings of the self-assessment, and any identified gaps in evidence, the Executive Committee will report those findings to the Board and make a recommendation as to whether to proceed with an external review at this time. Should the self-assessment findings prove encouraging and the resulting recommendation is to proceed, the Board will be asked to agree the scope of an external review and authorise the engagement of an external reviewer.
- 3.4 That external review would consider in more detail the Trust's performance against the review question areas. The Trust will ensure that individual members of the review team have not been involved in audit or governance work with the Trust during the past 3 years.
- 3.5 The precise nature of the external review methodology is subject to agreement. If appropriate, the external reviewer will be asked to examine any additional areas of concern highlighted through the self-assessment stage of the process.
- 3.6 The review findings will be shared in confidence with the Council of Governors, and any resulting action plans will be monitored by relevant Board Committees and by the Board itself.

4 Suggested timetable for ²gether

- 4.1 The Trust has three years from May 2014 within which to undertake its Well-led Governance Review. However, in order to capitalise on the Trust's good governance ratings and benchmarking outcomes, and to be well positioned for any accreditation scheme arising from the recommendations of the Dalton Review, an early governance review is recommended.
- 4.2 The suggested timetable for the review is therefore as follows:

| Date | Activity |
|---------------|---|
| Nov 2014 | Audit Committee recommendation to Board If approved by Board, notify Monitor of intention to conduct a review Notify Council of Governors re review timetable |
| December 2014 | Collate evidence for self-assessment |
| January 2015 | Review self-assessment results at Executive Committee, and identify gaps |

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|-------------------------------|--|
| February 2015 | Recommendation to Board regarding external review including review of self-assessment results Agreement by Board of scope of review ¹ |
| March/April 2015 ² | Procure external reviewer External review field work |
| May/June 2015 ³ | External review report to Executive Committee Final external review report to Board Review findings shared in confidence with Council of Governors Confirmation to Monitor re no material governance concerns, or explain any risks/ issues and actions taken |

5 Recommendations

5.1 The Board is asked to

1. Consider and approve the proposed assessment process and timetable for a Well-Led Framework for Governance Review

¹ If proceeding with an external review at this stage

² If proceeding with an external review at this stage. Review field work timings to be confirmed with reviewer

³ If proceeding with an external review at this stage. Review field work and reporting timings to be confirmed