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Llywodraeth Cymru
Welsh Government

The Good Governance Pocket Guide for NHS Wales Boards

Contents

Introduction

This document has been designed to provide some key principles of good governance that can aid good decision making at board level in NHS Wales. The guide builds on previous best practice guidance, but also recognises the major impact of recent legislation on the related roles, responsibilities, and relationships of public service organisations across Wales relating to health, wellbeing and social care. In this context, NHS Boards are extremely important, they take decisions which are fundamental to improving health and in the planning, organisation and delivery of health care for the benefit of the communities we all serve.

The function of governance is to ensure that an organisation fulfils its overall purpose, achieves its intended outcomes for citizens and service users, and operates in an effective, efficient, and ethical manner. As we face ever more public scrutiny, a tough financial climate, and growing pressure on our services, the role of NHS boards has never been more challenging and the need for good and effective governance so important.

The guide is short to make for easy reading and reference, but is backed up by a wide range of material that is both signposted throughout this document and with useful links given at the end of the guide. This Pocket Guide should be read in conjunction with *"The Good Governance Guide for NHS Wales Boards, Second Edition, Doing it Right, doing it better – a learning resource for Board Members"* Academi Wales 2017

What is Good Governance and Why Does It Matter?

What is corporate governance?

'In simple terms, it refers to the way in which public service bodies ensure that they are doing the right things, in the right way, for the right people, in a manner that upholds the values set for the Welsh public sector. The effectiveness of governance arrangements has a significant impact on how well organisations meet their aims and objectives'.

(Welsh Government, 2014c)

Governance is a wide-ranging term; it encompasses concepts such as leadership, stewardship, accountability, scrutiny, challenge, ethical behaviour, values and control. It is the process by which leaders execute their responsibilities and authority and how they account for that authority in relation to those that have entrusted them with assets and resources. In particular it is concerned with the potential abuse of the power and the need for openness, integrity and accountability in the decision-making processes of the organisation. Fundamental to effective corporate governance is therefore having the means to **verify** and **demonstrate** the effectiveness of this direction and control.

The principles for corporate governance apply to all organisations; regardless of whether it is in the public or private sector. However organisations within the public sector are subject to an array of different legislative requirements and are significantly more diverse in terms of their structure, scope and objectives. As a result it is difficult to provide one all-embracing definition that satisfies all those with a view on the matter, but one 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.'

(Welsh Government, 2014c)

In the Independent Commission on Good Governance in Public Services (OPM and CIPFA, 2004), the Office for Public Management and Chartered Institute of Public Finance and Accountancy asserted that the function of governance is to ensure that an organisation or partnership fulfils its overall

purpose, achieves its intended outcomes for citizens and service users, and operates in an effective, efficient, and ethical manner.

Importance and benefits of good corporate governance in the Welsh Public Sector

'Governance is not just a set of dry or bureaucratic processes; it is the means by which organisations identify and act on the need for change in what they do and how they deliver it'.

Summary Report of the Commission on Public Service Governance and Delivery (Welsh Government, 2014a)

The quality of corporate governance is often reflected in the quality of decision-making. Public sector bodies must combine reliable information produced by 'hard' systems and processes with the 'softer' issues of openness and integrity, to inform their judgement on key decisions. There are significant benefits to improved co-ordination of assurance. Fundamental to these is the provision of streamlined and synchronised information on organisational performance and the management of associated risks, helping the organisation to operate efficiently and effectively. Good governance supports effective decision making; poor governance

is often seen (in hindsight) as creating the climate, structures and processes that lead to poor decisions.

The more open and honest organisations are with themselves about their performance, the more open and honest they can be with service users and the public. This honesty is the foundation for deciding appropriate action to remedy poor performance. Better quality services are then more likely; improved performance and being more open will increase public trust.

The importance of effective leadership in ensuring good governance is clear; ultimately, leaders are responsible for achieving the right balance of hard and soft factors and are accountable for the decisions they take, or fail to take. They set the strategy for organisations and give it a sense of direction and purpose and set the tone for the cultural aspects of organisations that can never be codified or set out in detailed guidance, but which are immediately recognisable to those who work in or deal with them. Governance is dynamic; good governance encourages the public trust and participation that enables services to improve; bad governance fosters the low morale and adversarial relationships that leads to poor performance or even, ultimately, to dysfunctional organisations.

Decision-making always involves risk, although this risk is reduced when an open culture exists in which challenge is accepted and supported. This challenge and openness must be underpinned by robust performance, financial and information management systems, the effective use of risk management and an accountability framework that is based on a clear communication and understanding across the organisation of roles and responsibilities.

The Principles of Good Governance in the Public Sector

The International Federation of Accountants and the Chartered Institute of Public Finance and Accountancy define governance as the arrangements put in place to ensure that the intended outcomes for stakeholders are defined and achieved. The fundamental function of good governance in the public sector is to ensure that entities achieve their intended outcomes while acting in the public interest at all times. The diagram overleaf illustrates how the various principles for good governance in the public sector relate to each other. Principles A and B permeate implementation of principles C to G. The diagram also illustrates that good governance is dynamic, and that an entity as a whole should be committed to improving.

To deliver good governance in the public sector, both governing bodies and individuals working for public sector entities must try to achieve their entity's objectives while acting in the public interest at all times. This must be consistent with the requirements of legislation and government policies, avoiding self-interest and, if necessary, overriding a perceived organisational interest. Acting in the public interest implies primary consideration of the benefits for society, which should result in positive outcomes for service users and other stakeholders.

Achieving the Intended Outcomes
While Acting in the Public Interest at all Times

G. Implementing good practices in transparency, reporting, and audit, to deliver effective accountability

C. Defining outcomes in terms of sustainable economic, social, and environmental benefits

A. Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law

F. Managing risks and performance through robust internal control and strong public financial management

B. Ensuring openness and comprehensive stakeholder engagement

D. Determining the interventions necessary to optimize the achievement of the intended outcomes

E. Developing the entity's capacity, including the capability of its leadership and the individuals within it

(IFAC AND CIPFA, 2014)

Values and Standards in Public Service Governance

Organisations in every sector benefit from greater legitimacy when the public has confidence in their integrity. High standards of behaviour are a matter of personal responsibility, but should also be embedded in organisational processes and actively and consistently demonstrated, especially by those in leadership positions. This guide focuses on three frameworks, central to ethical behaviour in public services in Wales: the 'Nolan' principles; the Welsh Public Service Values; and the Citizen-Centred Governance Principles for Wales:

The Nolan Principles of Public Life

Citizens have a right to expect that holders of public office who take decisions which affect their lives should do so with impartiality, should be truthful about what they are doing and should use public money wisely. The basic building blocks for promoting high standards were identified by the original Nolan Committee as a set of broadly expressed values, which everyone understands. Effective internal processes should then embed a culture of high standards, with leadership by example and proportionate, risk-based external scrutiny. These standards of behaviour matter and are particularly important where public money is being spent on public services or public functions.

The Nolan Principles

Selflessness: Holders of public office should act solely in terms of the public interest.

Integrity: Holders of public office must avoid placing themselves under any obligation to people or organisations that might try inappropriately to influence them in their work. They should not act or take decisions in order to gain financial or other material benefits for themselves, their family, or their friends. They must declare and resolve any interests and relationships.

Objectivity: Holders of public office must act and take decisions impartially, fairly and on merit, using the best evidence and without discrimination or bias.

Accountability: Holders of public office are accountable to the public for their decisions and actions and must submit themselves to the scrutiny necessary to ensure this.

Openness: Holders of public office should act and take decisions in an open and transparent manner. Information should not be withheld from the public unless there are clear and lawful reasons for so doing.

Honesty: Holders of public office should be truthful.

Leadership: Holders of public office should exhibit these principles in their own behaviour. They should actively promote and robustly support the principles and be willing to challenge poor behaviour wherever it occurs.

Public Service Values and Behaviours for Wales

The Welsh Government has set out an ambitious agenda to unify public service endeavour across Wales with a common set of values, bringing together the responsibilities of the Well-being of Future Generations (Wales) Act 2015. We need to create a culture that cuts across organisational boundaries and sectors; where everyone involved in the delivery of public services in Wales is part of this common endeavour, sharing common values and working together for the benefit of the people of Wales. The aim is to have a single set of values, which guide how Welsh public service staff work, change culture and shape the way they behave. Living these values means being autonomous yet accountable, being both brave and bold and creating a culture that is open and transparent where people achieve their potential. All Welsh Board members and other leaders are expected to exhibit these values and behaviours when carrying out their Board roles. This will create a shared way of thinking and behaving – developing a future where we can all work together with a joint purpose, having a collective vision and values.

Working for the Long Term: To safeguard the ability of future generations to meet their own needs, requires real long-term integration and collaboration addressing the well-being of people and communities, economic prosperity and the health of the natural environment.

Always Growing and Improving: We will be at our best for citizens and each other by choosing positive attitudes and behaviours, embracing learning and development and sharing ideas on ways to improve and deliver public services.

Working Together: Where everyone involved in the delivery of public services, values others contributions, shares common principles and collaborates for the benefit of the people of Wales, within and across organisational boundaries and sectors.

Treating Everyone With Respect: Recognising, valuing and respecting the diversity of the people of Wales is central to seeing people as individuals and doing the right thing, at the right time and in the right place for citizens and each other.

Putting Citizens First: Our organisations need to be focussed on the needs of the people of Wales. This requires us to genuinely involve people in decision making which impacts them and their communities.

- I will reflect honestly on my personal style and its impact on others and I will develop my skills so that I can adapt my style as appropriate.
- I will learn from my successes and mistakes and develop new areas of knowledge and expertise.

- I will maintain a realistic and positive attitude to challenges, adversity and change and support others to do the same.
- I will pursue unpopular initiatives and plans if they represent progress and the 'right thing to do'.

- I will continually reinforce a culture of inclusive decision making and shared leadership.
- I will demonstrate trust in others, knowing when to support and when to step back.

- I will encourage and support others to think differently, to question and to try new ways of doing things, taking appropriate calculated risks.
- I will understand and embrace the benefits of new technology and implement their use for managing and delivering public services.

- I will work with others to generate a shared sense of purpose and a positive view of what the future looks like.
- I will act with agility to adapt my role and purpose in response to the anticipated needs of the service.

- I will communicate with citizens in a way they can understand and relate to using appropriate channels, harnessing digital technology effectively.
- I will seek to continually improve financial performance and deliver value for money without compromising quality.

- I will communicate openly, build credibility, and be straightforward with people to generate trust and confidence in me.
- I will lead across boundaries, see the public service as a single system and seek to break down silo thinking.

- I will seek to understand the different aims and agendas of those with whom I am working, and use this knowledge to address any potential conflict and to achieve a positive outcome.
- I will plan ahead to identify and cultivate relationships that are likely to be important to the successful delivery of services now and in the future.

Citizen Centred Governance Principles for Wales

The Welsh Government's Citizen Centred Governance Principles embody what the Welsh Government want public services to be. It is defined as "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". Governance encompasses culture and values as well as systems and processes. Citizens are engaged and involved in the development of services and receive services which are efficient, effective and innovative in their design and implementation.

The principles of Citizen Based Governance

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 Welsh public service values: 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.

Managing Welsh Public Money

The Welsh Government and the public sector in Wales rely on taxpayers' money, and the taxpayer rightly expects us to spend it wisely. It is hugely important that people in Wales are able to trust their public services, especially in austere times when these services are relied upon most heavily.

Managing Welsh Public Money (Welsh Government, 2016) sets out the main principles for managing resources in the Welsh public sector and is primarily aimed at organisations within the boundary of the Welsh Government's consolidated accounts, but the principles should hold true across the whole of the Welsh public sector. Everyone who works in the public service in Wales shares a personal responsibility for the stewardship of taxpayers' money, whether they manage budgets, assets or simply their own time. Everyone working in public services in Wales must be aware of the need to manage and deploy public resources responsibly and in the public interest. This is all about delivering outcomes for the citizens of Wales. Looking after taxpayers' money properly means just getting two things right at the same time; delivering the outcomes sought by Ministers on behalf of the people for Wales and living up to the values demanded in the public service.

Information Governance

Information Governance is a framework related to how organisations and individuals handle information; it applies to sensitive and personal information of employees and service users, and also to information related to the business of the organisation. It sits within corporate governance, and while the key focus is on ensuring that information is handled in a confidential and secure manner, it is also very much about supporting the provision of high quality services and care by ensuring the right information is available to the right people, when and where it's needed.

Information Governance provides a framework for bringing together the requirements, standards and best practice that apply to the handling of information. Caldicott is a key element of the Information Governance agenda in Wales, providing organisations working in health and social care with a set of recommendations and principles to help ensure that person identifiable information (including that of patients, staff and service users) is appropriately shared and protected. Each organisation should have a Caldicott Guardian who has overall responsibility for establishing Information Governance policies and processes.

Integrated Governance

In order that the Board may discharge its duties with due rigour it has to be assured that the systems in place relating to integrated governance are closely intertwined. Each decision has to focus closely on the requirements of the different aspects of governance, in particular clinical governance, corporate governance, research governance, information governance, and financial governance.

The main features of an integrated governance model are:

- Integrating risk assessment with the initial objective setting process;

- Developing a process for reporting progress against objectives;

- Aligning the various governance systems so that they complement each other without overlap;

- Developing an effective assurance framework;

- Overhauling the committee structure to ensure that governance information was properly integrated, and presented to the Board as a coherent whole.

Values and Standards of Behaviour Framework for the NHS Wales

A values and standards of behaviour framework, together with model standing orders and standing financial instructions, form the key elements of the Governance and Accountability Framework for the NHS in Wales.

NHS Wales is a vital part of the public service in Wales. Working together with its key partners, including local government and the Third Sector, public service values and associated behaviours are and must be at its heart. NHS organisations must be value driven, rooted in high standards of public life and behaviour. The core values that underpin the NHS in Wales are:

- Putting quality and safety above all else: providing high value evidence based care for our patients at all times.

- Integrating improvement into everyday working and eliminating harm, variation and waste.

- Focusing on prevention, health improvement and inequality as key to sustainable development, wellness and wellbeing for future generations of the people of Wales.

- Working in true partnerships with partners and organisations and with our staff.

- Investing in our staff through training and development, enabling them to influence decisions and providing them with the tools, systems and environment to work safely and effectively.

These core values support good governance and help ensure the achievement of the highest possible standards in all that the NHS in Wales does. Boards need to be seen as champions of these values in the way they operate and behave. Effective Boards and their members:

- Prioritise service quality and safety

- Behave consistently in line with Nolan's seven principles of public life

- Model an open approach to learning

- Invest time to develop constructive relationships around the Board table

- Reflect a drive to challenge discrimination, promote equality, diversity, equity of access and quality of services. They respect and protect human rights in the treatment of staff, service users, their families and carers, and the wider community

- Ensure that their approach to strategy, accountability and engagement are consistent with the values they seek to promote for the organisation.

Governance Framework for the NHS in Wales

The Welsh Government's Citizen Centred Governance principles establish the standards of good governance for the NHS in Wales and are designed to ensure:

- Clarity for everyone working within the NHS system, those working in partnership with the NHS, those receiving NHS services themselves and carers and relatives of those receiving NHS services;

- Responsibility is placed with those who are best equipped to meet those responsibilities;

- Recognition for those achieving their objectives; and

- Action to ensure activities remain on track.

The extent to which individual NHS organisations are able to demonstrate their alignment with the Citizen Centred Governance Principles will contribute to the Cabinet Secretary for Health, Wellbeing and Sport's annual review of NHS bodies' performance. NHS bodies will need to take account of these principles when developing their governance and assurance arrangements and in evaluating their effectiveness. Legislation for health and social care organisations requires them to have certain procedures in place to govern the behaviour of independent members and staff and this contributes to the management of risks. It might appear that the structures and processes are over-elaborate and bureaucratic. However, Board members are accountable to the public in a stewardship role and these measures help to protect Board members by ensuring there is openness and honesty in the business dealings of NHS organisations.

The *Code of Conduct for NHS Boards* together with the *Code of Accountability for NHS Boards* is the basis on which NHS organisations in Wales should seek to fulfil the duties and responsibilities conferred upon them by the Welsh Ministers. All Board members of NHS bodies in Wales are required, on appointment, to subscribe to the Codes of Conduct and Accountability for NHS Boards. A copy of the Codes of Conduct is available from the NHS Wales Governance E-Manual website.

The Board will function as a corporate decision making body. Executive Directors and Independent Members are full members and share corporate responsibility for all the decisions of the Board. However, for Committees with a primary scrutiny function, membership is limited to Independent Members, with Executive Directors in attendance:

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                        │    The Board    │
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Audit Committee	Quality & Safety Committee	Information Governance Committee	Charitable Funds Committee	Remuneration and Terms of Service	Mental Health Act Monitoring
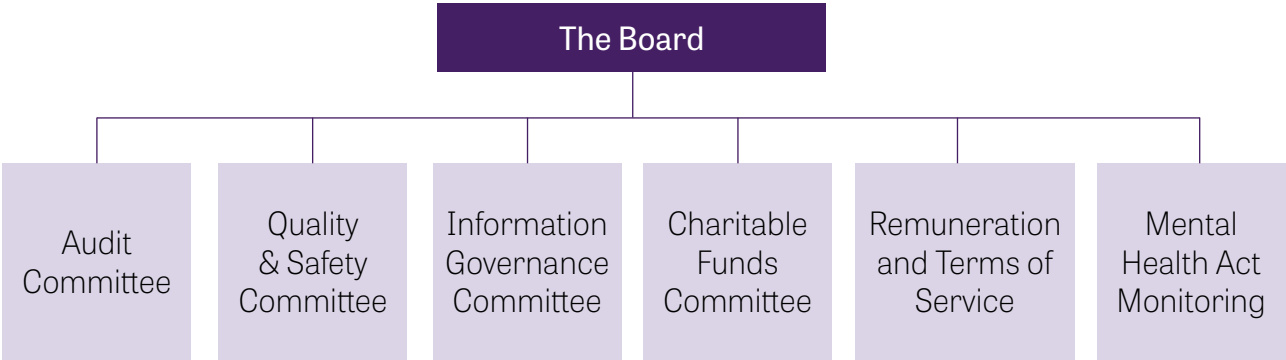
The Audit Committee

The Audit Committee supports the Board by critically reviewing governance and assurance processes on which the Board places reliance. At the corporate level these will include a risk management system and a performance management system underpinned by an effective system of assurance.

No Audit Committee can afford to limit itself to focus on internal financial control matters. The importance of financial scrutiny has not diminished but the need for rigorous control over all activities requires a wider focus. There are two key areas on which the Audit Committee should provide assurance to the Board: on the organisation's assurance system; and on the public disclosure statements that flow from the assurance processes, including the Annual Governance Statement and the Annual Quality Statement. The Committee's work will predominantly focus upon the risks, controls and related assurances that make up the assurance system, which underpins the delivery of the organisation's objectives. Therefore it has a

pivotal role to play in seeking and providing assurance on the organisation's activities, and delivery of its objectives. In particular this covers the Governance Statement, which should come to the Committee before being submitted for approval and sign-off by the Board.

Quality and Safety Committee

The purpose of the Quality and Safety Committee is to provide accurate, evidenced (where possible) and timely advice to the Board to assist it in discharging its functions and meeting its responsibilities with regard to the quality and safety of healthcare. It also seeks assurance in relation to the organisation's arrangements for safeguarding and improving the quality and safety of healthcare and subsequently provide assurance to the Board.

Information Governance Committee

The purpose of the Information Governance Committee is to provide evidence based and timely advice to the Board to assist it in discharging its functions and meeting its responsibilities with regard to the: quality and integrity; safety and security; and appropriate access and use of information (including patient and personal information) to support

its provision of high quality healthcare; and assurance to the Board in relation to the arrangements for creating, collecting, storing, safeguarding, disseminating, sharing, using and disposing of information in accordance with its stated objectives; legislative responsibilities, e.g. the Data Protection Acts 1998 and 2003 and Freedom of Information Act 2000; and any relevant requirements and standards determined for the NHS in Wales.

Charitable Funds Committee

The purpose of the Charitable Funds Committee is to ensure that the budget, priorities and spending criteria determined by the LHB as trustee are consistent with the requirements of the Charities Act 1993, Charities Act 2006 (or any modification of these acts). The Board, and Board Members, when they meet as Trustees, have a clear and distinctive role that is completely independent of their normal role as Board and Board Members of the LHB or Trust.

Remuneration and Terms of Service Committee

The purpose of the Remuneration and Terms of Service Committee is to provide advice to the Board on remuneration and terms of service for the Chief Executive,

Executive Directors and other senior staff within the framework set by the Welsh Assembly Government. The committee also provides assurance to the Board in relation to the LHB's/Trust's arrangements for the remuneration and terms of service, including contractual arrangements for all staff, in accordance with the requirements and standards determined for the NHS in Wales; and to perform certain, specific functions on behalf of the Board. The Committee has no powers to develop or modify existing pay schemes.

The Mental Health Act Monitoring Committee

The purpose of the Mental Health Act Monitoring Committee is to assure the Board that those functions of the Mental Health Act 1983, as amended, which they have delegated to officers and staff are being carried out correctly; and that the wider operation of the 1983 Act in relation to the LHB's area is operating properly.

Committee Membership

All Board committees normally have an Independent Member as Chair. All committee members are Independent Members, with Executive Directors in attendance as appropriate, other than for Charitable Funds Committee where both Independent Members and Executive Directors can be committee members. At least one Independent Member of the Audit Committee must have a financial background. Checks and balances need to be maintained in committee membership. So, for example, the Board Chair cannot be a member of the Audit Committee. Best practice suggests that the Vice Chair of the organisation should not chair the Audit Committee in order to avoid potential conflicts of interest. Effective Boards minimise the number of standing Board committees. However, Boards may establish other committees such as finance committee, risk committees.

Holding NHS Organisations to Account

All NHS bodies in Wales will establish a clear framework of accountability within which they conduct their business internally and work collaboratively with their NHS colleagues and public service partners. They will develop and publish strategic and operational level plans that define agreed outcomes and ways of working with their community partners and public sector partners.

They will be held accountable for their performance in delivery of these plans in a variety of ways. They will be required to publish regular reports on activity and performance, including publication of an Annual Report and an Annual Quality Statement. Health organisations will also be subject to scrutiny at community and national levels, including:

- Internal and external assurance work carried out by auditors, inspectors, regulators and others, e.g. Healthcare Inspectorate Wales (HIW), Wales Audit Office.

- Independent scrutiny of activities by Community Health Councils (CHCs) on behalf of patients, and others such as the Public Service Ombudsman.

- Public sector partners, e.g. Local Authorities, Public Services Boards with regard to local well-being assessments and plans and other ways within which public sector providers currently demonstrate accountability to each other and to citizens within their communities; and ongoing performance management led by the National Delivery Group.

Effective Boards

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. Sonnenfeld in his article for the Harvard Business Review, 'What makes great boards great?' (2002) suggests that four characteristics of effective Boards are:

- 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 that ensure meetings have clear and effective processes.

Effective Boards:

- Are informed by the external context within which they must operate.

- Are informed by, and shape, the intelligence which provides trend and comparative information on how the organisation is performing together with an understanding of local people's needs, market and stakeholder analyses.

- 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.

The three key roles through which effective Boards demonstrate leadership within their organisations are:

- Formulating strategy.

- Ensuring accountability by holding the organisation to account for the delivery of the strategy and through seeking assurance that systems of control are robust and reliable.

- Shaping a positive culture for the Board and the organisation.

Formulating Strategy

Effective Strategic Planning

In general, an effective strategic process ensures that:

• The strategy, including identification of strategic options, is demonstrably shaped and owned by the Board;

• It provides for the active involvement of and influence by staff;

• There have been open, transparent and accountable consultation, involvement processes, collaborative engagement with partners, and the consultation and involvement processes help to identify strategic choices, risks and proposed ways forward;

• It is underpinned by regular strategic discourse in the Board, throughout the year; and

• It is dynamic in responding to changes in the external environment.

Some of the hallmarks of an effective strategy include:

• A compelling vision for the future underpinned with clear strategic objectives that are reflected in an explicit statement of desired outcomes and key performance indicators.

• An organisational vision that puts quality and service user/patient safety at its heart.

• A clear statement of the organisation's purpose.

• An approach that takes appropriate account of the external context in which the organisation is operating.

• A perspective which balances the priority given to national and local performance indicators and targets.

• Evidence that the strategy has been shaped by the 'intelligence' made available to the Board.

• A longer term view (with at least a 3 to 5 year planning horizon), with a financial model and risk analysis, and a workforce

model that sets out the organisational arrangements required to deliver the strategy and identifies the workforce implications of strategic choices.

- Demonstrable links to the needs of service users and communities.

- An integrated approach to health and wellbeing.

- Inclusion at its heart so that services that are commissioned or delivered produce accessible, fair and equitable services and outcomes for all sections of the population served.

- Commitment to treating service users and staff with equity.

- Explicit attention paid to the ability to implement the strategy successfully.

It is vital that the Board articulates a clear picture of what they want the future to look like in as much detail as possible. This is not only restricted to being just about the shape and style of the organisation, but about what is happening in the outer world and how the organisation's facilities and services are interacting with those of partner organisations.

The vision once agreed and fully articulated is the reference point against which present and proposed performance is measured. So Boards can ask questions like: How far have we got towards delivery so far? What else needs to be done to get us the rest of the way as easily, effectively and as quickly as possible?

Prudent Healthcare

Wales is at the forefront of the movement to provide a value-based approach to services and prudent healthcare is an important concept now being used to shape Welsh Government policy. Boards in formulating strategy need to do so in the context of Welsh Government and Ministerial priorities.

Prudent healthcare aims to create a patient-centred system. An NHS based on prudent healthcare principles will ensure patients receive the most appropriate agreed treatments. This will reflect the contribution individuals can make to their own health and wellbeing.

Prudent healthcare as a key policy driver for the NHS in Wales and has four main principles:

The 4 principles of prudent healthcare

Public and professionals are **EQUAL PARTNERS** through **CO-PRODUCTION**

CARE FOR those with the greatest health need **FIRST**

Do only **WHAT IS NEEDED** and do **NO HARM**

Reduce **INAPPROPRIATE VARIATION** through **EVIDENCE-BASED** approaches

For further information visit www.prudenthealthcare.org.uk
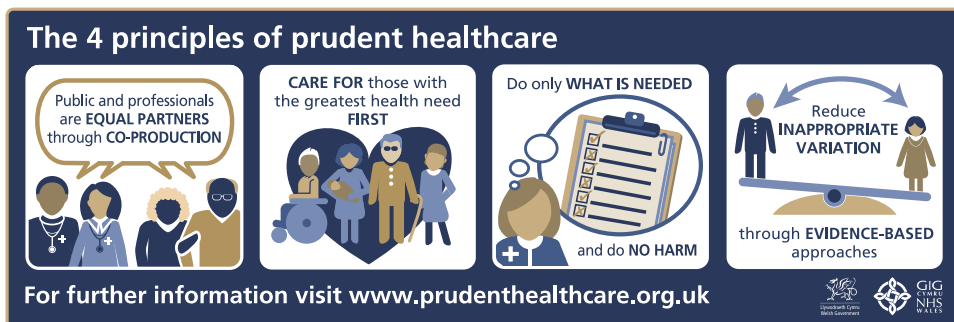
The NHS Wales Planning Framework

Local Health Boards and Trusts in Wales have a duty under their directed functions, flowing from sections 1-3 of NHS Wales Act 2006, to continue the promotion in Wales of a comprehensive health service designed to secure improvements in the physical and mental health of the people of Wales.

A market driven ideology does not apply to NHS Wales. Planning is the main mechanism for Local Health Boards and Trusts to articulate how resources (financial, workforce and infrastructure) will be deployed to yield maximum benefit in order to: address areas of population health need and improve health outcomes; improve the quality of care; and ensure best value from resources. The planning challenge for Local Health Boards and Trusts is to align these key

elements and describe, in both a qualitative and quantitative way, how they will achieve this vision over a three-year timeframe. While this framework applies to both Local Health Boards and Trusts, however as the statutory duties differ there will be recognised differences in approach and, ultimately, detailed content.

Collectively, the Welsh Government and National Health Service (NHS) Wales have identified a need to raise the ambition and effectiveness of planning in NHS Wales. The need for effective medium term planning is clear. NHS Wales faces some of the biggest challenges and opportunities since its creation, including:

- a rising elderly population
- inequalities in health

- enduring austerity

- increasing numbers of patients with chronic conditions

- advancements in clinical practice, innovation and technology, with the associated increases in opportunities and also cost

- medical staffing pressures and

- some specialist services being spread too thinly.

In NHS Wales, planning is the agreed process by which Health Boards and Trusts will work through their response to these and other challenges, without compromising their ability to seize opportunities and deliver their vision. Addressing these challenges and creating a sustainable, effective 21st Century health service will require ambition, transformation, reconfiguration and innovation on a significant scale. The written Integrated Medium Term Planning document (IMTP) is the formal statement by which this is articulated but planning is of course more than a document. It is a discipline that should be embedded in every part of Local Health Boards and Trusts.

Planning should be a dynamic process that allows Health Boards and Trusts to respond to day to day pressures without losing sight of how they plan to align key services, staff,

finance and the public to delivering the outcomes intended for the populations they serve over a medium term (three year) time frame. As well as demonstrating corporate priorities and actions, Integrated Medium Term Planning is also seen as the vehicle for strengthening partnership working across the public and third sectors, acknowledging that securing many health outcomes will depend upon more than one organisation playing their part.

All NHS organisations should have a strategy, approved by their Board, which clearly sets out their long-term vision for how they will meet the needs of the communities they serve. The long-term strategy of each organisation is critical in setting the direction of travel and in providing the context within which key strategic decisions about the shape of services and the use of resources can be taken. These include decisions about service models, pathways, workforce planning, finance and infrastructure investment. Robust wellbeing and population needs assessments are essential to inform strategies, and are a requirement of the Wellbeing of Future Generations and the Social Services and Wellbeing Acts (discussed in detail later). NHS organisations must work closely with their Public Services Boards, Regional Partnership Boards and

the communities they serve, as they develop their needs assessment, gap analysis and responses to inform their strategic plans.

The introduction of Integrated Medium Term Plans (IMTPs) in 2014 signalled a move away from a focus on annual plans, towards a medium-term approach linked to organisational strategies. IMTPs should set out clearly what will be done over the next three year period in pursuit of the organisation's longer-term strategic objectives and plans. Every organisation must have a more immediate plan setting out the actions it will take as it works towards its strategic objectives. A three-year focus allows organisations to set out clearly what they intend to do in a medium-term period and avoids the "stop/start" behaviours which can be associated with a focus on a single year. The IMTP should set out the aims organisations will pursue in the achievement of their long-term strategies, through measurable, clearly defined and resourced actions which address key areas of population health need, improve health outcomes and the quality of care, and ensure best value.

Planning is a dynamic and continuous process and it is not expected that IMTPs will set out a fixed picture for the next three years. It is however important that they are sufficiently clear to provide confidence that the organisation understands its priorities, opportunities and challenges over the medium-term, and that the actions it will take are linked to its longer-term strategy.

The Programme for Government *Taking Wales Forward* clearly sets out four areas for development for Wales over the next five years. It sets out an ambition for Wales to be: Prosperous and Secure, Healthy and Active, Ambitious and Learning, United and Connected.

Plans need to demonstrate how they will deliver the key messages and aims within *Taking Wales Forward*. From a health perspective, provision of health care will need to be clearly focused on:

• Primary care, ensuring that patients receive prompt, cost effective and high quality care as close to home as possible.

• The provision of timely care, reducing the time that patients wait before treatment.

- Mental health, at all levels of care, and also within the workplace to ensure that we support our staff.

- Improving integration between health and social services.

IMTPs are expected to demonstrate that prudent principles underpin the work of the organisation, building on our expectations for a quality-driven service. Plans must use the prudent healthcare principles to drive improved experience and outcomes for patients and citizens and the efficient and effective use of resources.

Scrutiny and Assurance

What is assurance? The concept of 'assurance' can be a source of misunderstanding and mismatched expectations within NHS organisations. Most definitions of assurance centre around common themes of confidence and certainty: freedom from doubt; something said or done to inspire confidence, as a promise or guarantee; sureness; certainty; a measure of confidence; or as described by one Chief Executive in the NHS "it's about being able to sleep at night". Holding the organisation to account is at the heart of the Board's role in pursuing high performance for its organisation. It is important that Boards are not too readily assured or reassured.

> **Being assured** is defined as the Board reviewing reliable sources of information and being satisfied with the course of action.
>
> **Reassurance** is defined as the Board being told by the executive or staff that performance or actions are satisfactory.

Where issues arise they need to be addressed – swiftly, decisively and knowledgeably – by the whole Board. A robust but fair approach is important, particularly where there are problems of underperformance. Effective Boards recognise that 'the buck stops with the Board'.

The fundamentals for the Board in holding the organisation to account for performance include:

- Drawing on timely Board intelligence – to monitor the performance of the organisation in an effective way and satisfy itself that performance is continually improving and that appropriate action is taken to remedy problems as they arise.

- Looking beyond written intelligence to develop an understanding of the daily reality for service users and staff, to make data more meaningful.

- Seeking assurance that staff are clear about their responsibilities and accountabilities and how these fit with the organisation's vision and purpose.

- Triangulation which ensures that Board members are able to 'test' the intelligence and seek assurance by looking at more than one source and type of information, including through direct engagement with the services.

- Seeking assurance of sustained improvement where remedial action has been required to address performance concerns.

- Offering appreciation and encouragement where performance is excellent or improving.

- Taking account of, and positively encouraging, independent scrutiny of performance.

- Rigorous but constructive challenge from all Board members, executive and non-executive as corporate Board members.

NHS organisations in Wales are required to produce an annual, formal statement of assurance known as the Annual Governance Statement, signed by the Chief Executive on behalf of the organisation, and published as part of its annual accounts. The statement on internal control provides citizens and other stakeholders with a level of confidence on the way in which an organisation is led, the efficiency and effectiveness of its operations and ultimately, its ability to deliver its strategic vision, aims and objectives. However, Boards need to recognise that any assurance, whatever its source, will not be a guarantee that offers absolute certainty, and that they must look to gain 'reasonable' assurance that their organisation's ways of working enable it to perform effectively across the full range of its activities and to deliver the strategic direction they have set.

Boards are also required to publish a public Annual Quality Statement. This statement sets out clearly the achievements and challenges over the previous year, as well as the improvements the Board has agreed to make in the year ahead, to continuously improve the delivery of high quality and safe service.

What do Boards need assurance on?

Boards need to be confident that they are working towards fulfilling their aims and objectives in a manner that upholds the highest standards of public service delivery and supports sustainable performance improvement.

In particular the assurance system will need to cover:

- Compliance with relevant legislation, regulation, standards and other directions and requirements set by the Welsh Government and others.

- The reliability, integrity, safety and security of the information collected and used by the organisation.

- The efficiency, effectiveness and economic use of resources; and the extent to which the organisation safeguards and protects all its assets, including its people to secure the provision of high quality, safe healthcare for its citizens.

- This assurance extends not only to your organisation's own arrangements (including that of your Board itself), but to e.g. working jointly, in partnership or through the provision of shared services.

- Highest standards of public service delivery and supports high quality, safe services and sustainable performance.

Establishing an Effective Governance Framework

The way in which your organisation is led is critical to its likelihood of achieving success in the manner required – and responsibility for this lies firmly with the Board. They must first establish an effective governance framework within their organisation that meets the standards set for the NHS in Wales. The resulting framework should ensure a strong focus on the culture and behaviours necessary for success as well as the introduction and operation of the right systems and processes:

- Establish a clear strategic vision for the organisation, described within meaningful strategic aims and objectives that are clearly cascaded and understood throughout the organisation. This is a principal role for Boards, and should set out what they are trying to achieve and where they are heading in the future.

- Put in place a sensible scheme of delegation to the executive, committees and others in line with the requirements set out in its Standing Orders.

- Establish and embed a clear, organisation wide focus on actively identifying and managing risks (both strategic and operational) so that the organisation is able to maximise its opportunities and at the same time mitigate any threats to the achievement of its purpose, aims and objectives.

Where should your Board get its assurance?

NHS Boards may seek and receive assurance from a wide range of sources within their organisation, both directly and through the operation of its committees, notably those responsible for Audit & Quality and Safety. The key challenge for Boards is understanding each link in the assurance chain, what part it plays in the overall framework of assurance, and the value they should place on it.

The Audit Commission (2009b) describes an approach to internal assurance as a "three lines of defence" assurance model which is illustrated below in RSM UK Group and NHS Providers publication – *Board Assurance: A toolkit for health sector organisations – Do we really know what we think we know?*

Application of controls

		Board	
1st Line	Department		The first level of assurance comes from the department that performs the day to day activity.
2nd Line	Organisation oversight		Other functions in the organisation such as quality, finance and HR provide assurance.
3rd Line	Independent assurance		Assurance provided from outside the organisation.
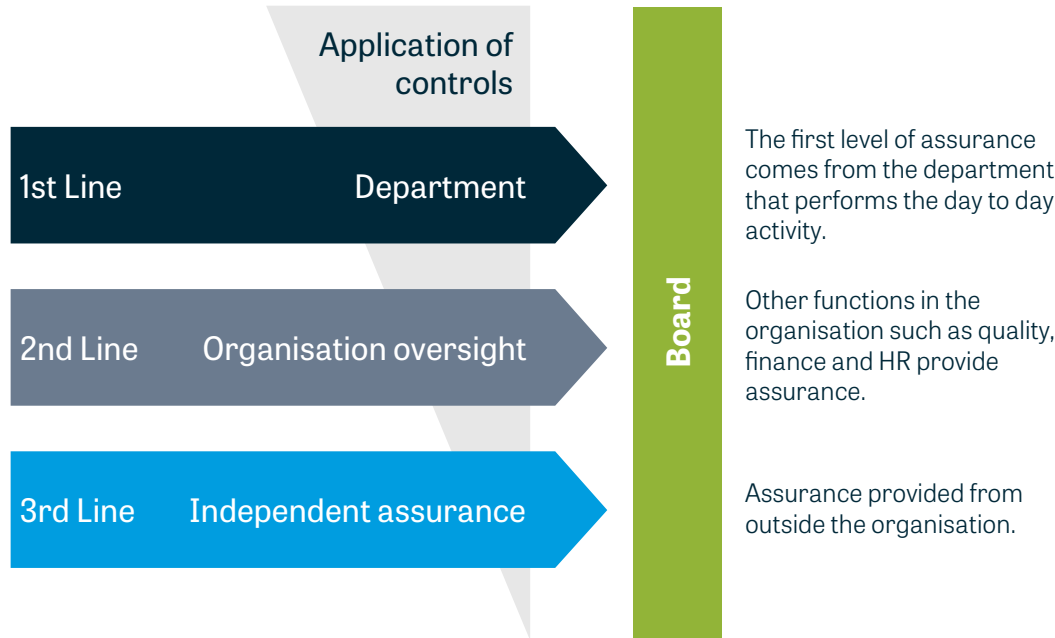
Board Assurance: A toolkit for health sector organisations (NHS Providers and RMS UK Group 2015)

1. **First line of defence:** Responsibility lies with healthcare staff and teams working at the 'frontline' to understand their roles and responsibilities and to carry them out properly and thoroughly. If working practices (the 'systems and processes') are well designed, and with staff are equipped to follow them, compliance with the arrangements should mean risks in day to day activities are routinely managed.

2. **Second line of defence:** This typically comprises executive/management arrangements established to ensure compliance with the standards, policies and working practices set through active oversight of the operation of the first line of defence. Typically, this includes holding them to account for the effectiveness of their activities, and may include routine assessment, inspection and review activity to ensure the achievement of standards and compliance with policies and procedures.

3. **Third line of defence:** This is independent review, designed to assess the overall adequacy and effectiveness of the first and second lines of defence. The key source of this 'independent' assurance is through functions such as internal audit, although there are other sources of independent review that can also be used, including inspectorates and review bodies.

Effective Scrutiny

Effective scrutiny ensures that decision-making processes are clear and accessible to the public and that the people taking decisions are held accountable for those decisions.

'Scrutiny has a pivotal role in promoting improvement, efficiency and collaboration across public services and in holding those responsible for delivering services to account. The role of scrutiny is increasingly important at this time when public services are responding to the challenge of financial constraints, while continuously seeking to improve in response to rising public expectations.' *(Wales Audit Office, 2014)*

There are many sources of assurance in an organisation that can be harnessed to provide the body of evidence required to support the continuous assessment of the effectiveness of the management of risk and internal control. Understanding the sources of assurance and their scope means internal audit can focus most effectively on the riskier areas. The structured mapping of assurances is one of the fundamental steps in building an assurance framework. The Chief Executive in their role as **Accountable Officer**, supported by the Board, is responsible for ensuring that there are robust governance, risk management and internal control arrangements across the whole organisation, including any sponsored bodies. Authority, in terms of accountability and respective delegations, needs to be appropriately and clearly established and monitored.

Advice on and scrutiny of key risks is a matter for the Board. The Board will routinely monitor the mitigation of certain strategic risks. These will include risks of a sufficient magnitude to threaten organisational success and reputation, or a scenario of combined risks that would have a similarly devastating impact. This supports the **Accountable Officer** in ensuring that there is regular and timely assurance on the things that are important to organisational success;

in particular, the proportionate management of risks that threaten the successful achievement of business outcomes and objectives.

As expectations of organisations increase and available resources become more restricted, so do the constraints under which they operate and the risks that they face.

Managing Risk

The Accounting Officer and the Board will need to ensure that they are receiving sufficient and timely assurance information on the management of risk to enable them to exercise good oversight. This activity may take the form of reporting against a co-ordinated Assurance Plan or Programme. Information provided should include routine reporting on assurance arrangements and the body of evidence that supports this, together with any key points needing to be escalated to the Board. A particular focus should be the key strategic risks directly owned by the Board, any major 'routine' system and process risks should also be included. Risk is the threat that an event or action will adversely affect an organisation's ability to achieve its objectives and to execute its strategies successfully. Health and social care is, by its very nature, a risk activity. It is important that Board decisions are taken using all available

information on possible outcomes – this is risk management. Without this, there is a very real danger that patient care will suffer and, as a consequence, give rise to the potential for adverse publicity and, for example, medical negligence cases. There are different types of risk, but they are usually classified under the following main headings:

- Financial risks – for example, not having sufficient funding to meet all your commitments, possibly resulting in deficit at year end.

- Clinical risks – for example, resulting from mistakes in the treatment of patients.

- Reputational risks – for example, arising from adverse publicity about a failing within your organisation.

- Legal risks – for example, due to a lack of understanding or implementation of legislation, or being sued by a patient.

The role of the Board in risk management is twofold:

- First, within the Board itself an informed consideration of risk should underpin organisational strategy, decision-making and the allocation of resources.

- Second, the Board is responsible for ensuring that the organisation has appropriate risk management processes in place to deliver the annual plan/commissioning plan and comply with the registration requirements of the quality regulator. This includes systematically assessing and managing its risks. These include financial, corporate and clinical risks.

Risk management by the Board is underpinned by four interlocking systems of control:

1. **The Board Assurance Framework:** In their Board Assurance Toolkit, RSM UK Group and NHS Providers point out that it is common practice across the UK public healthcare sector for the term 'Board Assurance Framework (BAF)' to be used to refer to the key document used to record and report an organisation's key strategic objectives, risks, controls and assurances to the Board. The development of Board assurance arrangements should be a logical extension of an organisation's existing risk management arrangements. It is important therefore that Boards are satisfied with how they and their audit committees understand and implement risk management, and that they maintain an informed engagement with the risks and opportunities that they face. If these arrangements are effective they will help them understand the process and control environment, and help them answer the core questions:

- What do we want assurance over?

- How much assurance do we need?

2. **Organisational Risk Management:** Strategic risks are reflected in the Board Assurance Framework. 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. This involves both the design of appropriate processes and ensuring that they are properly embedded into the operations and culture of the organisation.

3. **Audit:** External and internal auditors play an important role in Board assurance on internal controls. There needs to be a clear line of sight from the Board Assurance Framework to the programme of internal audit. While clinical audit is primarily a management tool, the advice in 'Taking it on Trust' *(Audit Commission, 2009b)* suggests that 'it would be reasonable to expect it to appear (in the Board Assurance Framework) as a significant source of assurance'.

4. **The Annual Government Statement:** This is signed by the Chief Executive as Accountable Officer and comprehensively sets out the overall organisational approach to internal control. It should be scrutinised by the Board to ensure that a robust body of evidence supports the assertions within it.

The approach to risk management needs to be systematic and rigorous. However, it is crucial that Boards do not allow too much effort to be expended on processes. What matters substantively is recognition of, and reaction to, real risks – not unthinking pursuance of bureaucratic processes.

Risk appetite is defined as 'the amount and type of risk that an organisation is willing to take in order to meet their strategic objectives. Risk appetite and tolerance need to be high on any Board's agenda and is a core consideration of an organisations risk management approach.

Quality Assurance and Clinical Governance

As illustrated in the Francis Report (2013), failure to deliver the fundamentals of care can bring down an NHS Board faster than failures of either finance or performance, and there have been recent examples of this. Despite this, there are still serious concerns about the lack of attention some NHS Wales Boards pay to the quality of clinical care. The Board has a key role in safeguarding quality, and therefore needs to give appropriate scrutiny to the key facets of quality – effectiveness, patient safety, timeliness of care, and patient experience.

Effective scrutiny relies primarily on the provision of clear, comprehensible summary information to the Board, set out for everyone to see. This information should include services directly provided by the organisation, and services provided by partner or commissioned organisations. Good practice suggests that:

- All Board members need to understand their ultimate accountability for quality.

- There is a clear organisational structure that clarifies responsibility for delivering quality performance from the Board to the point of care, wherever it is provided, and back to the Board.

- Quality is a core part of main Board meetings both as a standing agenda item and as an integrated element of all major discussions and decisions.

- Quality performance is discussed in more detail regularly by a quality and safety standing committee of the Board with a stable, regularly attending membership.

- The Board becomes a driving force for continuous quality improvement across the full range of services.

The governance of quality can be improved if Board members periodically step outside of the Boardroom to gain first-hand knowledge of the staff and patient experience. It is important to ensure that clinical leaders are properly empowered to lead on issues relating to clinical quality. Boards benefit from regular opportunities both to take advice from clinical leaders and to reflect on innovative practice in relation to quality improvement. Through its National Governance Framework to enable high quality care in NHS Wales *Safe Care, Compassionate Care* (Welsh Government, 2013c), the Welsh Government strives to ensure our system is:

- Providing the highest possible quality and excellent patient experience

- Improving health outcomes and helping reduce inequalities

- Getting high value from all our services.

Whilst complex and multi-faceted, the one defining characteristic is that the Welsh NHS will put the patient, the family, the citizen, the community at the centre of all our work. We will listen to those who use our services, we will engage with them as we plan improvements, we will address their concerns and we will respond to their personal as well as clinical needs.

The term 'Clinical Governance' describes the range of systems that need to be in place to provide assurance on the quality

and safety of services. This is defined as: the system through which NHS organisations are accountable for continuously improving the quality of their services and safeguarding high standards of care, by creating an environment in which clinical excellence will flourish. (Welsh Office, 1999).

The *Quality Delivery Plan* (Welsh Government, 2012a) sets out a range of actions to help achieve this and has a dual purpose – driving quality improvement and providing assurance. These two goals have much in common. Each requires a strong commitment to do the right thing and to do it well, although both are essential to ensure good governance. Actions to drive quality improvement and ensure high standards of care set within a system to provide robust quality assurance include:

- Ensuring that staff and teams have access to learning and development to enable them to fulfil their roles safely and effectively. This includes being skilled in quality improvement methodology, with opportunities to put this into practice. Continuously striving to improve what we do needs to be an integral part of everyone's job, including that of Board members. The 1000 Lives Improvement Service is supporting the NHS in its efforts to continuously improve quality and safety.

- Listening to patients by having ways to understand and measure their experience and satisfaction and acting on it.

- Listening to staff and students to understand the concerns and challenges they face in delivering care, and identify excellence in practice, so these findings can be disseminated.

- Participating in national clinical audit and clinical outcome reviews so that we can benchmark ourselves with others and see where we need to improve.

- Sharing good practice, participating in research and encouraging innovation and use of new technologies.

- Making good use of data and information to drive service improvement.

Being Open and Transparent About Quality and Performance

Managing risk effectively and being able to seek assurance that services are patient-centred, evidenced-based, safe and good quality requires reliable and robust information, which must be thoroughly understood at all levels in the organisation. A lack of information can lead to a tolerance of unknown risks and sub-standard care. Robust risk management is an essential

element of good governance. The publication of an Annual Quality Statement by all NHS organisations and the need to proactively track quality indicators through the introduction of 'Quality Triggers' as an early warning system will be an important addition to the governance framework for NHS Wales. Key trigger questions provide a structure to triangulate information from a variety of sources, which cover all dimensions of quality. Are we:

- Providing safe care?

- Meeting required standards of effective care?

- Improving user experience?

- Providing efficient services within resources?

- Engaging the workforce?

- Providing accessible and equitable services?

- Improving population health?

Using quality triggers effectively will enable all organisations to demonstrate that they are truly listening and learning through strong and visible leadership of quality and safety. Ensuring Board reports integrate all elements of performance so it can be clearly demonstrated if standards, experience and outcomes are improving and high value is being achieved within available resources. This is essential to show that no financial decisions or workforce considerations are made without considering the impact on service quality and safety. Publishing an Annual Quality Statement is first and foremost for the public. It provides an opportunity for Boards to routinely assess and inform their public and other stakeholders in an open and transparent way about:

- How well they are doing across all their services, including primary and community care and those provided by other organisations, including the third sector, on their behalf

- Good practice that they wish to promote and share

- Areas that need to improve

- Progress made over the past year

- Priorities and commitments going forward.

The Board is accountable for the organisation's statement and must assure itself that the information it publishes is accurate, accessible and representative across the breadth of its services.

Clinical Audit

Clinical Audit is the systematic critical analysis of the quality of care involving the procedures and processes used for diagnosis, interventions and treatment, the use of resources and the resulting outcome and quality of life as assessed by both professionals and patients. It answers the questions: What are we trying to do? How well are we doing? How do we know? How do we do it better?

Audit must be regarded as tool within the armoury of clinical governance and effectiveness that must lead to improved patient care and improved efficiency and effectiveness. While it will be part of education and professional development, its main purpose must be improved quality of care.

When audits are carried out there are likely to be lessons learned that will be applicable elsewhere in the organisation or in the wider NHS. There should be mechanisms that encourage the sharing of learning. Clinical Audit should be reported through the organisation's structures to the Board and should form part of the way in which the Board exercises its responsibility for quality of care and patient safety.

Health and Care Standards for Health Services in Wales

The Health and Care Standards (Welsh Government, 2015a) incorporate revised standards for health care along with revised Fundamentals of Care standards. The revised standards are made up of 7 themes comprising 22 specific standards. The Health and Care Standards have been designed so that they can be implemented in all health care services, settings and locations. They establish a basis for improving the quality and safety of healthcare services by providing a framework, which can be used in identifying strengths and highlighting areas for improvement. The public and patients themselves must also take responsibility for helping the NHS help them through taking prudent action to protect and promote their own health. The seven themes are: Staying Healthy; Safe Care; Effective Care; Dignified Care; Timely Care; Individual Care; and Staff and Resources.

Putting Things Right

The National Health Service (Concerns, Complaints and Redress Arrangements) (Wales) Regulations 2011 (HM Government, 2011) set out the common arrangements

and duties that apply to NHS organisations in Wales in respect of the investigation and handling of situations where something has gone wrong. Under the *Putting Things Right* arrangements (Welsh Government, 2011c), the NHS in Wales aims to 'investigate once, investigate well', ensuring that concerns are dealt with in the right way, the first time. Concerns should be taken to mean any complaint, claim or patient safety incident. It introduced arrangements for the handling and investigating of concerns. The legislation also introduced the concept of "redress" for lower value claims worth up to £25,000, drawing on powers set out in the NHS Redress (Wales) Measure 2008. Organisations will also have to show how they have learnt lessons from the investigations they undertake.

The overriding message is that concerns should be investigated once and resolved to the satisfaction of all parties in an open and constructive way which facilitates learning, i.e. a philosophy of 'do it once, do it well'. Board members need to challenge their organisations to the timeliness of dealing with concerns and emphasise the need to empower staff to 'nip concerns in the bud' before they escalate into formal complaints. The principles of Being Open are at the heart of Putting Things Right and staff need to be open with patients, their families and carers when things go wrong. Board members should ensure organisations have processes in place to support staff when concerns need investigating as well as keeping patients and their families involved throughout the process. It is equally important that organisations learn from concerns to ensure they do not recur and services are improved as a result.

In order to gain a rounded picture of their organisation board members should request the triangulation of information on complaints, patient safety incidents, patient experience feedback, compliments, patient stories and third party surveys. This information may lead to the emergence of themes, which can provide learning and the opportunity for service improvements.

Intelligence

Dr Foster in the paper The Intelligent Board (2006) asserts that the key tests of the success of any information resource for the Board will be the extent to which it:

• Prompts relevant and constructive challenge.

• Supports informed decision-making.

• Is effective in providing early warning of potential financial or other problems.

- Develops all directors' understanding of the organisation and its performance.
- Enables Board members to perform all their roles and responsibilities within the limited time they have available.

The challenge is to select, from the hundreds of statistics produced in the organisation, those that are relevant, and to identify what additional information is required. Dr Foster also observes that Board members often suffer from information overload where quantity wins over quality when it comes to Board papers. The habit of responding to issues with a request for more information is widespread. Using information intelligently means that Boards need to distinguish between:

- Issues that need to be reported routinely to the Board at a certain level of detail.
- Issues that need to be reported only if there is demonstrably a problem, for example, where performance significantly diverges from that achieved by peer organisations.
- Issues that change relatively slowly and that should therefore be looked at only on a quarterly or six-monthly basis.

Engagement

Engagement in public services is not new, and has long been a priority of senior leaders in public service organisations. Recent research has however begun to identify the role that direct interaction between the Board, professional staff, service users and the public can play in effective governance. Boards as a whole generally receive and consider the results of these processes in the form of reports and papers. The effective Board gives priority to engaging with key stakeholders and opinion formers within and beyond the organisation. Engaging effectively is an important way that a Board and organisation demonstrates its openness and transparency and ultimately its accountability. There are some circumstances where there is a legal obligation on public service organisations to involve the public. A wide range of guidance is available for Boards on service user and public engagement. The three main aspects for Boards to consider are: empowering people; putting service user experience centre stage; and accountability to local communities.

Boards are advised to develop a coherent strategy for engagement with key institutional stakeholders. These include Local Health Boards and NHS Trusts, local government, universities and further education, the voluntary sector, independent sector and of course regulators. This stakeholder engagement is most often led by the Chair and Chief Executive.

Section 183 of the National Health Service (Wales) Act 2006 (in relation to Health Boards), and section 242 of the Act (in relation to NHS Trusts) set out the requirement to involve and consult with citizens in: planning to provide services for which they are responsible; developing and considering proposals for changes in the way those services are provided; and making decisions that affect how those services operate. Under the Community Health Councils (Constitution, Membership and Procedures) (Wales) Regulations 2010 (as amended), CHCs are allocated a particular role in NHS planning, in essence comprising the right to be involved and consulted from inception and throughout all stages of the planning process.

Effective Partnership Working

All in the public sector understand the need to work together, although this often produces tensions at organisational boundaries.
In these 'white spaces' it can be unclear where accountability lies and who is in charge or responsible. It is important to remember that setting up and managing partnerships is about delivering change. Its success depends on: a shared sense of purpose; clear ownership and commitment; strong governance and inter-organisational relationships; jointly owned and focused agendas and business plans; effective interagency and community wide engagement and communications.

The Well-being of Future Generations (Wales) Act 2015

In Wales, **the Well-being of Future Generations (Wales) Act 2015** is about improving the social, economic, environmental and cultural well-being of Wales. It sets out to make the public bodies listed in the Act think more about the long term, work better with people and communities and each other, look to prevent problems and take a more joined-up approach. It will expect them to: work together better; involve people reflecting the diversity of our communities; look to the long term as well as focusing on now; and take action to try and stop problems getting worse - or even stop them happening in the first place.To make sure we are all working towards the same vision, the Act puts in place seven well-being goals. These goals and the five things that public bodies need to think about to show that they have applied the sustainable development principle are shown in the two diagrams below.

Well-being Goals

A globally responsible Wales

A prosperous Wales

A Wales of vibrant culture and thriving Welsh Language

A resilient Wales

A Wales of cohesive communities

A healthier Wales

A more equal Wales
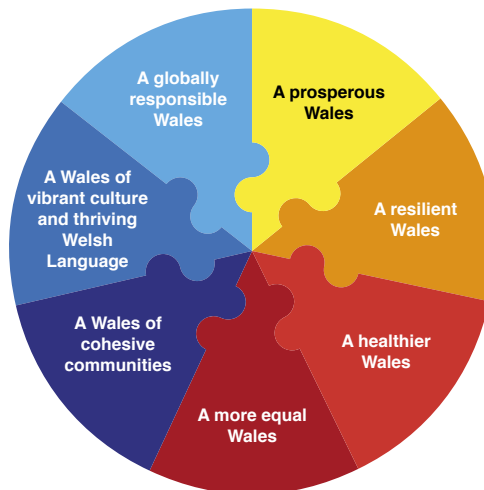
Well-being Delivery Principles

Long term

The importance of balancing short-term needs with the need to safeguard the ability to also meet long-term needs.

Prevention

How acting to prevent problems occurring or getting worse may help public bodies meet their objectives.

Integration

Considering how the public body's well-being objectives may impact upon each of the well-being goals, on their other objectives, or on the objectives of other public bodies.

Collaboration

Acting in collaboration with any other person (or different parts of the body itself) that could help the body to meet its well-being objectives.

Involvement

The importance of involving people with an interest in achieving the well-being goals, and ensuring that those people reflect the diversity of the area which the body serves.

The Act establishes a statutory Future Generations Commissioner for Wales, whose role is to act as a guardian for the interests of future generations in Wales, and to support the public bodies listed in the Act to work towards achieving the well-being goals. It also establishes Public Services Boards (PSBs) for each local authority area in Wales, at which partners must work together to assess the wellbeing of its local area and agree a plan to improve the economic, social, environmental and cultural well-being of its area.

Social Services and Well-being (Wales) Act 2014

A key principle of the Act is the need for integrated and sustainable care and support services. Under the Act, seven Regional Partnership Boards have been established at a Local Health Board area level. These Boards bring together Local Health Boards, local authorities, third sector and other partners to deliver integrated health and social services in Wales. Their purpose is to improve the outcomes and well-being of people and improve the efficiency and effectiveness of service delivery.

Regional Partnership Boards will be expected to respond to the population assessment (via an area plan), specifically, taking a preventative approach to meeting care and support needs. The purpose of these plans is to provide a description of the range and level of services to be provided, or arranged, to respond to the care and support needs identified in the combined population assessment report. These plans should inform, and be informed, by the wider local well-being plans provided for by the Well-being of Future Generations Act. Both plans should similarly inform and be informed by Integrated Medium Term Plans (IMTPs).

Regional Partnership Boards are required to establish pooled funds in relation to the exercise of their family support functions and in relation to any functions they exercise jointly in response to the population assessment. Pooled funds will also be required in relation to the provision of care home accommodation for adults from April 2018.

Statutory guidance sets out the requirement for Regional Partnership Boards to prioritise the integration of services in relation to: older people with complex needs and long term conditions, including dementia; people with learning disabilities; carers, including young carers; integrated family support services; and children with complex needs due to disability or illness.

Culture

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 due diligence for the organisation and its staff. It is important for Boards to develop a good understanding of the current values, behaviours and attitudes operating within the organisation, and to work with the staff to shape the desired values, behaviours and attitudes. The challenge then is how to achieve change.

The organisation and its leaders must be mindful of the cultural messages that they send, intentionally or passively. For example: by the Board's agenda; by the nature of the debate in the Board; by the relative emphasis given to different performance criteria; by how visible Board members are in the organisation; by where leaders choose to invest time and resource. Effective Boards shape a culture for the organisation, which is caring, ambitious, self- directed, nimble, responsive, inclusive and encourages innovation. A commitment to openness, transparency and candour means that Boards are more likely to give priority to the organisation's relationship and reputation with service users, the public and partners as the primary means by which it meets policy and/or regulatory requirements. As such it holds the interest of service users and communities at its heart.

If shaping the culture of the organisation is a vital role for Boards, then embedding the culture, so that it becomes a lived reality, is equally important and arguably the most challenging part of the role. Embedding a healthy culture across an organisation requires sustained effort and consistency of approach, often over a number of years. Dialogue and engagement with staff and service users ensures that Board members take back to the Boardroom an enriched understanding of the lived reality for staff, service users and partners. An outward looking Board leadership culture that actively embraces change, fosters innovation, encourages learning and maintains an unswerving commitment to quality and safety of service users offers the best prospect of navigating effectively through a demanding and rapidly changing environment.

Leadership of Organisations in Hard Times

Leadership of organisations in hard times poses new challenges and requires different thinking. In their paper *Tough times, tough choices – Being open and honest about NHS Finance* 2013, the NHS Confederation point out that all health systems across the developed world face increasing demand and cost pressures. There is mounting evidence to support the need for redesigning services to unlock more sustainable efficiencies, while remodelling services around the needs of patients. This would make it possible to reduce the need for patients to be treated in the acute sector and allow them to be more appropriately cared for in their own communities. Making this choice and delivering this vision will not be easy and will not be achieved without public support, which has proved difficult to win. The Chartered Institute of Public Finance and Accountancy has prepared a paper, *Leading in Hard Times – Guidance for everyone involved in the leadership of public services* (CIPFA, 2010) that is tailored explicitly for the very difficult conditions which are likely to prevail for the next few years. It focuses in particular on the leadership responsibilities of those in very senior roles, whether Executive or Non-Executive. While short term actions will be needed, organisations must also ensure that they develop medium and long term strategies and plans. The overriding challenge will be to have a clear sense of the journey which must be travelled over the next few years and of the nature of the organisation and services which will emerge when a 'post-rebalancing' destination is reached.

This is an agenda that poses a unique blend of challenges. Major long term reforms will need to be planned, resourced and implemented while also coping with near-term budget reductions. Adjustments will be required that change existing ways of working and challenge preconceived views, both within and beyond the organisation. Priorities will need to be articulated more clearly than ever before and resources allocated with greater precision. Leaders will have to navigate high levels of uncertainty and anxiety, listening and engaging with the views of the public, service users, staff, partners and other stakeholders, and charting a way forward which is in the public interest. Leadership of organisations in

hard times poses new challenges and requires different thinking.

CIPFA suggests that seven key principles should underlie the way public bodies and their leaders approach the challenges of the new environment and that ten key actions will enable leaders to direct organisations' responses to the new challenging climate with real focus and purpose:

Having a shared understanding of what 'efficiency' means

Thinking creatively and acting innovatively

Being open to a range of skills and techniques

Recognising the 'wicked' nature of the problem

Responding to local needs and priorities

Getting people engaged

Being pro-active and starting early

CIPFA 2010

Engage and communicate

Actions

| Know where your costs are now | Understand where value lies | Identify options for change | Build a vision for how you will look |
| Understand funding scenarios | | | Build a balanced portfolio of change projects |

Build the capacity to change

Implement effective financial and risk management

Ensure governance is fit for purpose

CIPFA 2010

Judgement and Dilemmas

Exercising judgment is key to building an effective Board. Here a spectrum of dilemmas that many Boards are grappling with are set out, and yet are not amenable to uniform guidance. They are provided here to encourage Boards to set aside the time to debate and explore them as part of their developmental journey.

Paying attention to culture: beyond exhorting a person-centred culture:

While the emerging consensus about the critical importance of organisational culture in delivering safe and effective high quality services is to be welcomed; it prompts a range of questions for Boards:

- Public service organisations are complex and multi-faceted and rarely have a single culture. How does the Board really 'know' what the culture is – especially in the light of the lively academic debate about the extent to which culture can be 'measured'?

- To what extent can the Board really shape culture in a deliberate and purposeful way?

- What sorts of approaches will help the Board to move beyond exhorting the culture that it aims to shape?

There are examples from both inside and outside of public service where culture has been successfully changed over a period of time. Learning the leadership and governance lessons from these case studies may provide important pointers for Boards.

Building trust with local people in a financially constrained environment:

Most Boards would wish to support an approach which suggests that 'if organisations concentrate on quality – the resources will follow' but evidence of the extent to which this is the case in practice seems inconsistent. Although there are some salutary examples, Boards are often called upon to balance competing priorities where the 'high quality services can be more cost effective' mantra is more difficult to see. In the financially constrained environment within Boards delivering are operating or public service Boards, the challenge is for organisations to work with service users, the local community, and across the public services divide to identify opportunities for service integration and redesign to deliver better outcomes for service users in a more cost effective way in the longer term. More often than not,

delivering these longer term improvements will require significant service change and these can trigger anxiety, opposition and concern in the community. It is important that Boards are able to work with partners, local people and local political leaders to help to build understanding of the choices and 'trade-offs' and thereby build public trust and confidence.

Maintaining the balance between holding to account and being accountable: Boards and organisations devote a great deal of time and resource responding to the demands and expectations of external regulators. This brings the risk that 'accountability' comes to mean accounting for what the organisation has done rather than taking meaningful responsibility for the performance of the organisation and its adherence to standards. Robust assurance processes begin with the intrinsic motivation of the Board to set, exemplify and monitor organisational values and fundamental standards and support staff to deliver them. External regulation should be seen as a 'failsafe' rather than a primary source of assurance and it is important that Boards model and encourage an approach that makes it clear and that adherence to external standards is not enough. Rather, staff are expected to give robust and thoughtful attention to the standards of quality, service

and conduct that matter most to them, to service users and the public – and that this thinking is reflected in the broader suite of standards that are set and monitored in the organisation.

Achieving a balance between managing risk and encouraging innovation: A systematic approach to the management of risk is one way that Boards can build public confidence. However, it is clear that the future sustainability of public service values will require creative and innovative solutions. Boards must ensure that risk and innovation aren't seen as mutually exclusive and should ensure that individuals and teams within the organisation take full and active responsibility for the management of risk without creating a straightjacket of anxiety that stifles creativity? Boards should know about and act on good practice emerging from the literature, encourage innovation and engage with the academic networks as well as tapping into other networks as sources of innovative practice.

Zero tolerance of poor services... in a learning organisation: The appropriate Board response to flagrantly poor services is beyond debate and prevarication, but questions about care that is simply sub-optimal – the services that are persistently mediocre – can be more challenging. The dilemma for Boards is to identify the point

at which they need to move from working collaboratively to gain improvement on an issue to the 'zero tolerance' point – and, having made that judgment, what that means the Board does in practice.

An open culture that encourages transparency and learning in response to adverse events is a key pre-requisite for reliably high quality safe and effective services. However Boards must ensure that in pursuing a policy of 'zero avoidable mistakes' they do not, inadvertently, drive a climate of fear and reduce the likelihood that staff will be open about mistakes so that the learning can be surfaced and disseminated. If organisations are to respond to resource constraints and encourage innovation, there will be a need for experimentation with new services and Boards must maintain a commitment to 'zero avoidable mistakes' whilst allowing space for innovation and experimentation. They should also consider what extent are staff rewarded for bringing forward and/or implementing innovative ideas which improve quality.

Board Roles and Responsibilities

The Role and Responsibilities of the Board

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 conformance to statutory duties and responsibilities,
- Ensure that the necessary financial and human resources are in place for the organisation 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.

The Role and Responsibilities of the Chair

Chairs are accountable for giving leadership to the Board and delivering value for money in terms of quality of service and financial balance. They will:

- Provide leadership to the Board, the other Non-Executives, the Chief Executive and Executive Directors; and ensure the effectiveness of the Board in all aspects of its role and agenda; including directing the organisation towards achieving its and the Government's objectives.
- Ensure the provision of accurate, timely and clear information to the Board and directors to meet statutory requirements.
- Ensure effective communication with the Board, staff, service users and the public in a changing public service environment.
- Arrange the regular evaluation of the performance of the Board, its committees and individual Non-Executives, Directors, and the Chief Executive.
- Plan and conduct Board meetings, with the Chief Executive. Facilitate the effective contribution of Non-Executive Directors and ensure constructive relations within the organisation and between executive and Non-Executive Directors.
- Share and use relevant expertise of all members of the Board.

- The Chair is responsible for ensuring the organisation's policies and actions support the Welsh Ministers' strategic priorities and that its affairs are conducted with probity. The Chair is appraised by the relevant Minister/Cabinet Secretary.

The Role and Responsibilities of the Chief Executive

The Chief Executive is the most senior manager of the organisation, the Accountable Officer and:

- Leads the organisation in the development and delivery of the organisation's strategy.

- Is ultimately responsible for performance, establishes effective performance management arrangements and controls.

- Provides visible leadership in developing a healthy culture for the organisation, and ensures that this is reflected in their own and the executive's behaviour and decision-making.

- Ensures all Board members are well briefed on external context.

- Ensures provision of accurate, timely and clear information to Board/Directors.

- Acts as the organisation's chief internal and external communicator, playing a key leadership role in effective communication and building strong partnerships with patients, public, staff key partners and regulators.

- Ensures that the executive team has the right balance and diversity of skills, knowledge and perspectives.

- Supports the Chair in ensuring that development programmes are in place for Board members – uses the Board performance evaluations as the basis for determining individual and collective professional development programmes for Executive Directors relevant to their duties as Board members.

Separating the Roles of the Chair and Chief Executive

In essence the accountability of the Chair is to manage the performance and development of the Board whilst the accountability of the Chief Executive is to lead and manage the performance and development of the organisation. The Chair is the figurehead and ambassador for the purpose and vision of the organisation. This means that the Chair can always go out and champion what the organisation stands for and is trying to achieve and when it comes to questions about the performance of the organisation

or its detailed implementation plans they can rightly say "you will need to ask the Chief Executive". This enables the Chair always to stay on the high ground and not be forced onto the defensive. This is a crucial attribute when representing their organisation to stakeholders and partners. It is absolutely vital that somebody is standing back independently and objectively so that ideas, proposals, plans, activities, performance, competence and behaviour can be sensibly and appropriately reviewed in context. It is the job of the Chair to ensure that the quality of this independent viewpoint and objectivity is sustained in all the Board's activities.

Roles and Responsibilities of Board Members

The role of the Board member including Executives and Non Executives focuses on four key areas:

Strategy

- Contribute to strategic development and decision-making.

Performance

- Ensure that effective management arrangements and an effective team are in place at the top level of the organisation.

- Help to clarify which decisions are reserved for the Board and then ensure that the rest are clearly delegated.

- Hold management to account for its performance in meeting agreed goals and objectives through purposeful challenge and scrutiny; and to monitor the reporting of performance.

Quality

- Set organisation wide expectations and accountability for high performance and ensure that all staff understand their role in the effective and high-quality provision of care in a governance framework that ensures a balance between trust, constructive debate and effective challenge and in a culture of openness and learning.

Risk

- To ensure that financial information is accurate and that financial controls and systems of risk management and assurance are robust and defensible.

Behaviour

- To live up to the highest ethical standards of integrity and probity and comply fully with the Code of Conduct. Board members should also demonstrate through their behaviour that they are focusing on their responsibilities to citizens, the organisation and its stakeholders.

When appointed to a Board, members should be provided with an appropriate programme of induction training. This should include guidance on what members have to do and the standards that they must meet.

Specific roles will vary depending on the role of the Board and the capacity in which you have been appointed, but generally you will be expected to:

- Understand the environment in which your public body operates;

- Contribute to decision-making and share responsibility for the Board's decisions;

- Attend Board meetings on a regular basis and be well prepared by reading relevant papers in advance and, if necessary, seeking further information;

- Attend training events and keep up-to-date with subjects relevant to the organisation's work;

- Contribute to the work of any committees that have been established by the Board; and

- Represent the Board at meetings and events when required.

The Effective Non Executive Board Member

Non-executive director are also referred to as independent members on health boards/trust boards.

Non-Executive Directors will work alongside other Non-Executives and Executive Directors as an equal member of the Board. They share responsibility with the other directors for the decisions made by the Board and for the success of the organisation in leading the local improvement of healthcare services. Non-executives use their skills and personal experience as a member of their community to:

- Commit to working to, and encouraging within the organisation, the highest standards of probity, integrity and governance and contribute to ensuring that the organisation's internal governance arrangements conform with best practice and statutory requirements.

- Provide independent judgement and advice on issues of strategy, vision, performance, resources and standards of conduct and constructively challenge, influence and help the executive board develop proposals on such strategies to enable the organisation to fulfil its leadership responsibilities for healthcare of the local community.

- Ensure the Board sets challenging objectives for improving its performance across the range of its functions.

- In accordance with agreed Board procedures, monitor the performance and conduct of management in meeting agreed goals and objectives and statutory responsibilities, including the preparation of annual reports and annual accounts and other statutory duties.

- Ensure that financial information is accurate and that financial controls and risk management systems are robust and defensible and that the Board is kept fully informed through timely and relevant information.

- Accept accountability for the delivery of the organisation's objectives and ensure that the Board acts in the best interests of its local community.

- Participate in the committees established by the Board to exercise delegated responsibility and take an active part in other activity such as the Board's programmes of engagement and partnership.

- Bring independent judgement and experience from outside the organisation and apply this to the benefit of the organisation, its stakeholders and its wider community.

- Assist fellow directors in providing entrepreneurial leadership to the organisation within a framework of prudent and effective controls, which enable risk to be assessed and managed.

- Assist fellow directors in setting the organisation's values and standards and ensure that its obligations to its stakeholders and the wider community are understood and fairly balanced at all times.

Non-Executive Directors and Independent Members are appointed to bring a particular perspective, skill or area of expertise to the Board. They are not appointed to directly represent the particular interests of any one group or sector, and all individual members are responsible for contributing across the breadth of the Board's responsibilities.

An effective Non-Executive Director or Independent Member:

- Supports executives in their leadership of the business while monitoring performance

- Questions intelligently, debates dispassionately and constructively, and challenges rigorously

- Listens sensitively to the views of others, inside and outside the Board

- Gains the trust and respect of other Board members

- Maintains a focus on strategy and performance and is not distracted by detail.

They must:

- Ensure that they understand the role of the organisation and the sector within which it operates.

- 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, always ensure they have read all papers they are sent and have a good understanding of the work of the organisation.

- Actively participate in all aspects of assurance and scrutiny and not absent themselves from particular discussions.

- Properly declare all areas of potential or perceived conflict of interest.

- Discuss matters they feel uncomfortable with or uncertain about with the Chair.

- Go through an annual development appraisal discussion with the Chair.

- Undertake their important ambassadorial role for their organisations.

The Effective Executive Director

All Executive Directors have a dual set of roles and responsibilities:

- Firstly, as a result of their management relationship to their Chief Executive. In this respect, their accountability is defined by their job description and by the personal objectives and standards of performance they have agreed with their Chief Executive.

- Secondly, as a result of being a Board Member. In this respect, when they are operating in the Board they are also accountable to the Chair for the same 18 accountabilities as other Board Members.

Executive Directors must be able to view both their own and the organisation's work from above, as an independent objective observer. This enables them to rigorously and objectively scrutinise all proposals, offer dispassionate comments and identify potential improvements to all areas of work, including their own.

Hold the vision - To improve the health and wellbeing of the population of Wales. You need to really understand the Welsh Government's vision for Wales and to keep drawing your organisation, your Board, your partner organisations and NHS Wales back to the key things we need to do to make it a reality.

Ensure clarity and action - Ensure that your executives pull together effective plans and have resources and systems in place to deliver the vision and goals effectively. Ensure that the purpose, vision, goal and objectives are clearly communicated to and engage all who are involved in, or affected by their delivery.

Ensure probity and governance - Is appropriately discharged in all corporate, managerial, clinical and financial affairs.

Do your own due diligence - Make sure you complete your induction training and understand your organisation, its context, your role and stay alert to your responsibilities and effectiveness.

Be objective and logical - With your Board colleagues, you will be responsible for deploying and making decisions about significant amounts of public money and services. Be rational and objective in your approach, evaluate and measure, seek evidence of effectiveness and delivery.

Be skilful - Work with all your colleagues on your Board as a team. Continuously develop yourself, your colleagues and your Board so that maximum impact and effectiveness is achieved. This may mean you and your colleagues employ innovative and creative practices and techniques in order to maximise effectiveness and delivery. This is to be encouraged so that we can raise our standards and achieve new levels of competence and delivery.

Use your experience to contribute - To strategies where you can and tap into your network of contacts to get things done - though in so doing recognise that you are there as Board members and not representatives of your professional or interest group. You will sometimes need your Board colleagues to help you stay objective and do the due diligence on your activities.

Bring equality and respect diversity - Hear the needs of minority groups and find ways to look after and address the needs of the least served and most disadvantaged.

Learn and practice your role

Make sure you can deliver it effectively in all your Board activities

Complete sufficient due diligence prior to starting your role

Maintain your due diligence to a level that enables you to participate effectively in setting direction for your organisation and assessing the performance of the organisation and its executives.

Ensure your Board sets a definite direction - By providing clear purpose, vision, goals and priorities to enable your organisation to drive forward improvements in health, improve the quality and availability of services and reduce health inequalities within and between the communities you serve.

Hold executives and managers to account - For the delivery of the organisation's plans, and to help them ensure high standards of regularity, propriety and excellence. Participate skilfully in time-effective clinical, financial, managerial and corporate governance activities in your Board to review their stewardship of the organisation, its practices, and its people.

Use time well - Time effectiveness and results focus, preparation and skilfulness are key attributes you will need.

Be diligent and probing - Take the time to properly find out and understand what is happening in your organisation and the context in which it is working.

Be disciplined and methodical - Use effective methodologies to get results, to evaluate and measure progress, to review your own performance and contribution as a Board.

Separate your role from that of executives and managers - Retain the integrity of your role as a Board member and don't get lost in the work of the organisation, which is the work of your executives. If you were all engaged working in the organisation, who would be working on the organisation?

Guard against your own conflict of interest - In the more obvious ways where you have personal gain or vested interest issues that are relevant, but also in the less obvious ways when you have emotional capital or strong opinions that will reduce your objectivity and logic.

Collaborate with partners - Collaborate and commuicate with all your partners in this endeavour, whether that be with your organisation's partner organisations, staff, patients or the public. Communicate the vision and what is possible through all of us working together to achieve the common aim of better health, better services and quality of life for all who live in Wales.

Develop yourself and your colleagues

Society and technology are both changing rapidly.

Every one of us will need to learn new skills.

Boards and their members will need to develop.

It is vital that we build on our successes.

Due Diligence

Due diligence is the act of making sure that everything is the way it is supposed to be. It involves doing all the necessary homework, background checks, and analyses to identify problems, offer solutions, and document procedures. In terms of corporate governance in general, Peter Morgan, former Director General Institute of Directors suggested that the following twelve questions "The Diligent Dozen" are important for Board members to assess whether things are as they should be.

- What is the strategic purpose and vision of the organisation?

- What are short, medium and long-term objectives for achievement for us to strive for?

- How are resources allocated to bring it about, in particular, the financial and human resources?

- How is the management organisation geared to the achievement of the strategy?

- Financial controls – how do they work?

- Operational controls – how do they work?

- What are the management priorities in the near, intermediate and long term?

- Past and present performance – what progress has been made towards the achievement of the organisation's short, medium and long-term goals? How is our performance compared with that of others?

- What specific underlying forces determined those results?

- Constituency protection – what mechanisms are in place to ensure that the interests of all stakeholders are addressed, and that the appropriate statutory or regulatory requirements are met?

- What litigation and disputes risks and arrangements do we have?

- How well are we able to respond to crises, and what contingency plans and processes are in place?

Separating the Non-Executive Director/ Independent Member and Executive Director Board Roles
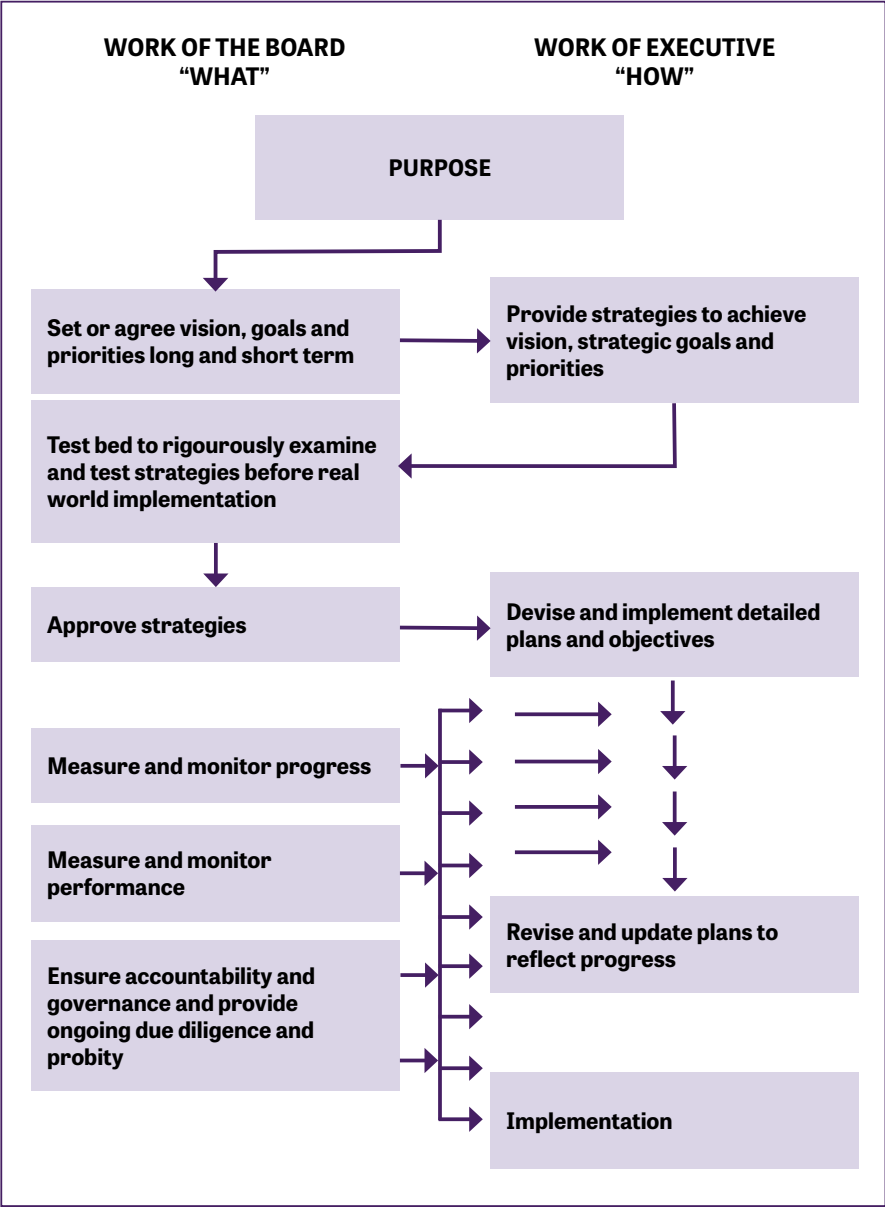
All Board members, executives, managers and staff in your organisation need to understand the work of the Board and Board members, and how it is different from the work of executives, managers and staff. The work of the Board and Executives/Managers can be broadly separated by looking at the Board's responsibility as to state 'what' is required and measuring progress towards its achievement.

The Executives/Managers' and Team's responsibility is to come up with "how" this can be achieved and then to implement action to achieve it.

The flow chart below shows the Board's first task is to provide or approve the strategic vision and goals for the organisation. Once the Board has provided or agreed the vision, goals and priorities, the Executive Team will develop the strategy for how these can be achieved. Once the strategy is prepared it should be submitted to the Board, which then acts as a test bed where Non Executive Directors can provide independent judgement and advice on issues and constructively challenge, influence and help the executives develop proposals to enable the organisation to fulfil its leadership responsibilities for healthcare of the local community. When satisfied that the plans are as good and coherent as they can be, they are approved by the Board and passed back to the Executive Team for the preparation of detailed plans and personal objectives for implementation. The Board's role, then, is to regularly measure progress and performance and seek assurance through the accountability and governance arrangements put in place for this purpose.

WORK OF THE BOARD "WHAT"

WORK OF EXECUTIVE "HOW"

PURPOSE

Set or agree vision, goals and priorities long and short term

Provide strategies to achieve vision, strategic goals and priorities

Test bed to rigourously examine and test strategies before real world implementation

Approve strategies

Devise and implement detailed plans and objectives

Measure and monitor progress

Measure and monitor performance

Revise and update plans to reflect progress

Ensure accountability and governance and provide ongoing due diligence and probity

Implementation

As a Board member, are you able to answer the following questions relating to your organisation's progress and performance?

Progress – did people do what they said they would do by when they said they would do it? If not, why not? Have the strategy and the plan been amended to show the new way forward?

Performance – is what is being done by the organisation being completed to the standards and quality required?

It is the Board's role to see that the plan is regularly amended to keep it up to date. The Board is there to ensure accountability and governance. Throughout the process it is important that sufficient due diligence and probity is carried out to ensure excellence, regularity, and propriety is maintained to the highest standards.

Time Commitment

Chairs, in their Board leadership role, have a key responsibility to plan and manage the time commitment required of Independent Members (IMs) in line with their role on the Board in relation to strategy, accountability and culture. Some tasks that IMs are asked to do can be undertaken by other appropriately selected and trained lay people (for example chairing appeals panels). Experience has shown that the higher the time commitment expected of Non-Executive Directors, the less likely Boards are to attract and retain candidates with a diverse background (such as people who are younger, of black and minority ethnic origin, women). There is a balance to be struck between developing a good understanding of the organisation and how it is functioning, and getting too involved in operational matters. It is important that IMs maintain objectivity and independent scrutiny. Newly appointed IMs may find that they need and want to spend more time initially as they learn about the organisation, its people and its context. In times of significant organisational or service change, more time is likely to be required of IMs for a limited period.

The Role and Responsibilities of the Board Secretary

The Board Secretary has a pivotal role within LHBs and Trusts in Wales. As principal advisor to the Board and the organisation as a whole on all aspects of governance, the Board Secretary – on behalf of the Chair and Chief Executive – leads 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. 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.

Understanding the Environment

The Statutory Framework for NHS Bodies in Wales

The statutory framework for NHS Wales comprises three core components:

- Primary legislation: setting the statutory powers and duties of the NHS

- Statutory instruments: detailing the functions of NHS Bodies; and

- Standing orders: providing the rules by which health boards and trusts work and make decisions.

Please refer to the full summary of the primary legislation for NHS Wales and other relevant legislation provided in. The Good Governance Guide for NHS Wales Boards, Second Edition, Doing it right, doing it better – A learning resource for Board members.

The Welsh Language in Public Services

The Welsh Government is committed to delivering high quality public services that are centred on users' needs. The Welsh Language (Wales) Measure 2011 establishes a framework of imposing Welsh Language standards on organisations, eventually replacing Welsh Language Schemes established under the Welsh Language Act 1993. The Welsh Language Commissioner is tasked with providing compliance notices to organisations that will require them to comply with specified standards, and will be regulating their compliance. The Regulations that specify Welsh Language standards for bodies are being introduced gradually and are prepared with the aim of being reasonable, proportionate and relevant to the bodies named in the Regulations.

Structure of NHS Wales

Local Health Boards

There are seven Local Health Boards in Wales as shown on the map below:

Local Health Board Boundary — **POWYS TEACHING**

Local Authority Boundary — CARDIFF

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Ordnance Survey 100021874
Cartographics ● Welsh Government

March 2014

The principal role of a Local Health Boards is to ensure the effective planning and delivery of healthcare for people for whom it is responsible, within a robust governance framework, to achieve the highest standards of patient safety and public service delivery, improve health and reduce inequalities and achieve the best possible outcomes for its citizens, and in a manner that promotes human rights. The Local Health Boards (Constitution, Membership and Procedures) (Wales) Regulations 2009 on the link below:

www.legislation.gov.uk/wsi/2009/779/pdfs/wsi_20090779_mi.pdf

NHS Trusts

There are currently 3 NHS Trusts in Wales with an all – Wales focus. These are the Welsh Ambulance Services Trust, the Velindre NHS Trust and Public Health Wales.

The Velindre NHS Trust provides specialist cancer and blood services across South and Mid Wales through the Velindre Cancer Centre and the Welsh Blood Service and a range of national support services.

The Welsh Ambulance Services NHS Trust provides high quality pre-hospital emergency care and treatment throughout Wales: a 24 hour telephone service to provide the public and practitioners with advice, a web-based information service, and a telephone advice in relation to other agreed services.

The Public Health Wales NHS Trust

The Public Health Wales NHS Trust aims to protect and improve health and wellbeing and reduce health inequalities in Wales. It delivers four statutory functions:

- Provide and manage public health, health protection, healthcare improvement, health advisory, child protection and microbiological laboratory services and services relating to the surveillance, prevention and control of communicable diseases.

- Develop and maintain information about matters related to the protection and improvement of health in Wales available to the public; to undertake and commission research into such matters and to contribute to the provision and development of training in such matters.

- Undertake the systematic collection, analysis and dissemination of information about the health of the people of Wales in particular including cancer incidence, mortality and survival; and prevalence of congenital anomalies.

- Provide, manage, monitor, evaluate and conduct research into screening of health

conditions and screening of health related matters.

Other Bodies

Specialised and Tertiary Services

The seven Local Health Boards in Wales have established the Welsh Health Specialised Services Committee (WHSSC) to ensure that the population of Wales has fair and equitable access to the full range of specialised services. This followed a consultation on specialised services for Wales in 2009, which recommended improvements on how the NHS plans and secures specialised services. In establishing WHSSC to work on their behalf, the seven LHBs recognised that the most efficient and effective way of planning these services was to work together to reduce duplication and ensure consistency. WHSSC receives funding from the LHBs to pay for specialised healthcare for everyone who lives in Wales and is entitled to NHS care and to obtain the best value for this money.

NHS Wales Shared Services Partnership

The LHBs and Trusts in Wales have collaborated over the operational arrangements for the provision of NHS Wales Shared Services Partnership and have agreed the terms of a Co-operation Agreement in order that it operates effectively by collective decision making in accordance with the policy and strategy agreed by the NHS Wales Shared Services Partnership Committee. The Shared Services Portfolio includes: Procurement Services; Primary Care Services; Employment Services; Workforce, Education and Development Services; Student Awards Unit (NHS Bursaries); Facilities Services; Legal & Risk Services; Welsh Risk Pool Services; Audit and Assurance Service; and Counter Fraud Services (National Team).

The Emergency Ambulance Services Committee plans and secures the provision of emergency ambulance services in line with both the Welsh Government directions and NHS Planning Framework and is dedicated to planning and securing the provision of emergency ambulance services.

The Wales Audit Office's work covers all devolved public sector organisations in Wales – including health and social care, local and central government, fire service, national parks, agriculture, education and community councils. Its aim is that the people of Wales know whether public money is being managed wisely, and public bodies in Wales understand how to improve outcomes. The Auditor General is the independent statutory auditor of most of the Welsh public sector. They are responsible for the annual audit of the majority of public money spent in Wales, including the NHS.

Healthcare Inspectorate Wales is the independent inspectorate and regulator of all healthcare in Wales. Its core role is to review and inspect NHS and independent healthcare organisations in Wales to provide independent assurance for patients, the public, the Welsh Government and healthcare providers, that services are safe and of good quality. HIW is the regulator of independent healthcare providers in Wales.

Community Health Councils – There are seven Community Health Councils in Wales:

1. Aneurin Bevan Community Health Council

2. Abertawe Bro Morgannwg Community Health Council

3. Betsi Cadwaladr Community Health Council

4. Cardiff and Vale of Glamorgan Community Health Council

5. Cwm Taf Community Health Council

6. Hywel Dda Community Health Council

7. Powys Community Health Council

The duty of each of the seven Community Health Councils (CHCs) in Wales is to scrutinise the operation of the health service in its area, to make recommendations for the improvement of that service and to advise relevant Local Health Boards and NHS Trusts upon such matters relating to the operation of the health service within its district as the Council thinks fit. The Board of CHCs in Wales is a statutory body established by the Welsh Government to advise CHCs with respect to the performance of their functions; to represent collective views of councils on an all-Wales basis; to promote collaborative working and information sharing; and to monitor the performance of the CHCs as well as the conduct of members and performance of officers.

The Public Services Ombudsman for Wales is independent of all government bodies and has legal powers to look into complaints about public services in Wales and to: consider complaints about public bodies; put things right and to secure the best possible outcome where injustice has occurred; recognise and share good practice; help people send their complaint to the right public service provider; consider complaints that members of local authorities have broken the code of conduct; and build confidence in local government in Wales by promoting high standards in public life.

The Equality and Human Rights Commission is a public body set up to challenge discrimination, to protect and promote equality and to promote human rights. It enforces equality legislation on age, disability, gender reassignment, marriage and civil

partnership, pregnancy and maternity, race, religion or belief, sex and sexual orientation. It regulates the Public Sector Equality Duty and encourages compliance with the Human Rights Act 1998. The Commission in Wales has a statutory Wales Committee with decision making powers to develop its own work programme and provides independent advice to the Welsh Government on the effect of its legislation on equality and human rights in Wales. The Commission operates as a catalyst for change and improvement on equality and human rights.

Commissioners

The Older People's Commissioner, Future Generations Commissioner, Children's Commissioner for Wales and the Welsh Language Commissioner act as independent champions and have regular interface with NHS organisations in Wales.

The Health and Safety Executive (HSE)
is part of the Department for Work and Pensions. It is the body responsible for the encouragement, regulation and enforcement of workplace health, safety and welfare, and for research into occupational risks.

Sources of Further Help and Advice

The Good Governance Guide for NHS Wales Boards, Second Edition, Doing it right, doing it better – A learning resource for Board members, Academi Wales, 2017
www.gov.wales/academiwales

NHS Wales Governance e-Manual
www.wales.nhs.uk/governance-emanual/home

1000 Lives Improvement
www.1000livesplus.wales.nhs.uk

Bevan Commission
www.bevancommission.org/

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NHS Leadership Academy (2013) *The Healthy NHS Board 2013 – Principles for Good Governance*, www.leadershipacademy.nhs.uk

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Wales Audit Office (2014) *Scrutiny in the spotlight*, June 2014, www.wao.gov.uk/good-practice/governance/scrutiny

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