

## **Response to the PAC Report on the Governance Arrangements at Betsi Cadwaladr University Health Board**

We welcome the findings of the report and offer the following response to the twenty one recommendations contained within it that fall to the Welsh Government.

### **Recommendation 1:**

We recommend that to ensure senior leaders are held to account, the Welsh Government reviews and where necessary strengthens the performance management and appraisal process arrangements for Chief Executives and Chairs of NHS organisations to ensure that they are appropriately robust, clearly understood and implemented.

### **Response: Accepted**

Performance review processes are already in place for both Chairs and Chief Executives of NHS Organisations in Wales. However we are taking action to ensure that these processes are robust and clearly understood. Welsh Government and Academi Wales published “Doing it right, doing it better” the Good Governance Guide for NHS Wales Boards in January 2014. This document underlines the importance of the performance appraisal process and, in particular, the appraisal of the Chief Executive by the Chair.

The Minister for Health and Social Services conducts a biannual review of the Chair of each LHB and Trust in Wales. These meetings agree objectives for the coming period as well as reviewing performance over the previous period. Self- assessment evidence is provided by Chairs in advance of the review meeting and the Minister provides feedback in written form following the review. This process identifies issues to be addressed and any development needs. In addition to the formal process, the Minister meets the Chairs as a group on a quarterly basis and informally with individuals as issues arise.

All Chief Executives in Wales have objectives in place which have been agreed with their respective Chair and the Chief Executive of NHS Wales. A review of their performance is conducted formally twice a year. The mid year review is undertaken by the Chair of the LHB and the Chief Executive of NHS Wales receives a copy of the review. The end year review is conducted jointly by the Chair and Chief Executive of NHS Wales.

The Minister also conducts a quarterly meeting with the Chairs and Chief Executives as a single group.

### **Recommendation 2:**

We recommend the Welsh Government undertakes an urgent review of the training available to board members across all Welsh NHS bodies. The outcome of this

review should inform the development and delivery of a national training programme for board members, participation in which should be a condition of board membership. The programme should develop core competencies, clarify requirements and include training specifically developed for newly appointed board members to attend as part of their induction into board membership.

**Response: Accepted**

Welsh Government considers effective Board development to be of critical importance. We believe that there is a need to ensure that we have the right blend of consistent national activity and bespoke local arrangements to ensure non-executive Board members full understand their roles and responsibilities and Board functions.

The Chief Executive of the NHS has already written to Chairs of NHS Organisations in Wales restating that effective Board development is of critical importance and reemphasising the need to ensure there is the right blend of consistent national activity and bespoke local arrangements to support non-executive Board members. The letter makes clear that the bespoke local arrangements are for LHBs to define and secure.

David Sissling's letter also advised Chairs of the national support which is available through Academi Wales – which includes:

- Two at the Top – New Chief Executive and Chair pairings to use this support in their first year, existing Chief Executives and Chairs to access when needs arise;
- Board Development Series – all Health Boards and Trusts should undertake the two parts of the programme over the next 2 years;
- The Good Governance Guide for NHS Wales Boards – to be used by all Board Members on an on-going basis;
- Governance Master class Series – Chairs to identify appropriate Board members to attend the series, learning to be shared with Boards on return to organisation;
- Bespoke Development – all Health Boards and Trusts were asked to discuss other development support with Academi Wales as needs arise.

In response to the Chief Executive's letter all NHS bodies were asked to provide a summary of planned Board development activity for 2014. This information was

received in December and has been assessed. Academi Wales are now working with NHS Organisations to fill any potential gaps in the programme.

Furthermore, the recently published Good Governance Guide for NHS Wales Boards – “Doing it right, doing it better” sets out a framework for Board learning and development. The guidance reminds Boards that the strategic challenges facing Boards give rise to the need for specific skills, and this requirement must be kept under review in a systematic way. In order to ensure an effective balance of knowledge, skills and background, the guidance advocates that Boards should undertake regular skills audits of current Board members.

We have also noted the comments by the Commission on Public Service Governance and Delivery on the training of Boards of Public Services and we will be considering what further action is necessary in the light of the Commission’s findings.

**Recommendation 3:**

We recommend that directive guidance should be issued to all boards on the importance of both individual and collective board development and any such guidance should be reviewed regularly to ensure it is fit for purpose.

**Response: Accepted**

The letter sent from the Chief Executive of NHS Wales to the Chairs of NHS bodies was unequivocal on the importance Welsh Government place on ensuring there is effective Board development. This message has already been reinforced in *The Good Governance Guide for NHS Wales Boards* “*Doing it right, doing it better*” which was issued in January 2014.

As we have outlined in response to recommendation 2, we are considering the need for further national support or guidance in the light of the responses from NHS bodies and the findings of the Commission on Public Service Governance and Delivery.

**Recommendation 4:**

We recommend that the time commitment required for Independent Members be reviewed to ensure that it is adequate to allow them to fully discharge the functions expected of them.

**Response: Accepted**

As the *Good Governance Guide for NHS Wales Boards* states – Board Chairs have a key responsibility to plan and manage the time commitment required of Independent Members. Therefore, in the first instance we are writing to the Chairs of NHS bodies in Wales to ask them to review the time available from Independent

Members against the requirements of the role. External support will be provided to them in undertaking the review if they require it.

We will consider this matter further following the review by the Chairs and in the light of the findings of the Commission on Public Services Governance and Delivery and provide an update to the PAC on this in 6 months time.

**Recommendation 5:**

We recommend that the Welsh Government takes action to enable a more robust and consistent system of appraisal for Independent Members of Welsh Health Boards, including the identification of personal training and development needs, and that a peer mentoring scheme for independent members be developed.

**Response: Accepted**

Arrangements are in place to ensure Independent Members receive annual appraisals which should identify personal training and development needs Welsh Government. Furthermore, to reinforce this system, *The Good Governance Guidance Guide for NHS Wales Boards* includes a section on Building Board Capacity and Capability which covers Independent Board Member performance appraisals and provides a framework for learning and development of Board members.

Welsh Government already ensures that the information from the performance reviews of independent members is fed into the reappointments process.

We will work with Academi Wales and Chairs of NHS organisations to develop a framework for appraisals and put in place a peer mentoring scheme for independent members. We will ensure that Chairs are held to account for their part in ensuring the appraisal of independent members is robust and considers training and development needs.

We will provide an update to the PAC on this work in 6 months time.

**Recommendation 6:**

We recommend the Welsh Government ensures that the importance of the separation and accountability of the Board Secretary role is clearly understood by all NHS organisations.

**Response: Accepted**

The LHBs' Standing Orders already emphasise the role of Board Secretaries as the guardians of good governance within the LHBs and also their independence of the Boards. The Standing Orders also specify that the accountability of the Board Secretary is directly to the Chair and chief executive of the LHBs.

Furthermore, the pivotal nature of their role as principal advisor to the Board and the organisation as a whole on all aspects of governance is explained and reemphasised in *The Good Governance Guide for NHS Wales Boards*.

More widely we have ensured that the all the findings of the joint WAO/HIW report have been considered by all NHS bodies in Wales. The Chief Executive of the NHS wrote to all NHS Chairs and Chief Executives asking them consider the report's findings and provide him with appropriate assurance of their governance arrangements. Their responses included any action they were taking as a result of the report's findings and example of good practice. These individual responses were discussed at a meeting of all the Chief Executives and were shared amongst all NHS bodies.

**Recommendation 7:**

We recommend that Welsh Government consider providing statutory protection for the role of Board Secretary.

**Response: Accepted**

Statutory protection for the role of Board Secretary will be looked at alongside the recommendations flowing from the findings of the Commission on Public Service Governance and Delivery.

**Recommendation 8:**

We recommend that the Welsh Government ensures that all Health Boards review their meeting procedures, to ensure that Board members are presented with all papers in a timely manner and that non-restricted papers are published in the public domain in the same timescales.

**Response: Accepted**

LHBs' meeting procedures have already been reviewed following the WAO/HIW report findings. The model standing orders which LHBs have adopted require LHBs to ensure that Board agendas and complete sets of papers shall be sent out 10 days before formal Board meetings. In terms of public access the Standing Orders also require that the agendas and related papers should be published at least 10 days before Board meetings. Some LHBs have adopted a 7 day time frame for the issue of agendas and papers to Board members and the public. The Standing Orders specify that supporting papers may exceptionally, be provided after 10 days provided that the chair is satisfied that the Board's ability to consider the issues in the papers would not be impaired. Adherence to the Standing Orders is considered as part of the annual structural assessment undertaken by the Wales Audit Office.

More broadly, the Good Governance Guide for NHS Wales Boards also provides a description of the effective processes that are necessary for the effective operation of Boards.

**Recommendation 9:**

Having considered the evidence, the Committee welcomes the action being taken by the North Wales Community Health Council to monitor compliance with infection control procedures in hospitals across North Wales. We recommend that the Welsh Government reviews its processes for validating quality and safety, and other critical data from NHS organisations. It is vital that such data is reported accurately if meaningful action is to be taken.

**Response: Accepted**

We have already strengthened the quality and safety management systems within Welsh Government. We have put in place a group chaired by the Deputy Chief Medical Officer which meets regularly to oversee regularly updated quality and performance information and intelligence about NHS organisations. This enables interaction and, if necessary, escalation with Health Boards and Trusts within the overall delivery framework.

Work is in hand to strengthen data quality and data completeness is already a Tier 1 Measure. We are also ensuring that we triangulate the information from various data sets, including serious incidents, and routinely reported information sources. An example is work in hand in respect of data and reporting of clostridium difficile incidence and associated deaths.

**Recommendation 10:**

We recommend that the Welsh Government finalise, introduce and implement a common set of key performance indicators of quality and safety for use by Health Boards. This would assist in improving performance and identifying risks so that swift action can be taken to address them.

**Response: Accepted**

The existing delivery framework already includes a range of Tier 1 quality and safety indicators such as mortality, infections and pressure ulcers which are monitored at a national level. These are published by Welsh Government on the My Local Health Service website. Performance indicators which relate to timely access are also an important measure of quality and safety

In addition, NHS organisations depending on the make up of their services, are agreeing a set of indicators to track performance across all their services as part of their overall assurance framework. To assist with this, the National Quality and Safety Forum has previously agreed a set of quality trigger questions and associated

indicators for use at local level. The 1000 Lives Improvement programme within Public Health Wales is leading work during 2014 on behalf of all NHS organisations to further develop a measurement framework to assist Boards in seeking assurance on quality. The quality improvement work is ongoing.

**Recommendation 11:**

We recommend that the Health Board makes the results of its investigations into the high RAMI scores across hospitals in North Wales publically available, together with information on the actions that are being taken to address any patient care issues that are identified.

**Response: Accepted**

This is a recommendation for BCU Health Board. However we would expect them to do this, subject to any necessary caveats to protect any potentially identifiable patient information.

**Recommendation 12:**

We recommend that the Welsh Government makes information on RAMI scores across all hospital sites in Wales more accessible to the general public, ideally by placing all the data on a single web page, with clear explanations of what the data means.

**Response: Accepted**

The Welsh Government is now making these data available, together with contextual narrative, through My Local Health Service website. *(DN need to add in the link)* Work will continue to develop a range of mortality measures which better reflect the Welsh NHS and to make those easily accessible to the Welsh public. The proposals will shortly be set out in a statement from the Mortality and Transparency Taskforce which is expected in the Spring. A copy of the statement will be sent to PAC members.

**Recommendation 13:**

The failure to adhere to accepted budget processes is an issue of particular concern. We do not believe that budgets should be signed off with caveats and recommend that assurances should be provided to us that this practice has now been discontinued within the Health Board.

**Response: Accepted**

The Welsh Government agrees that budgets should be signed off and owned by budget holders at the start of the year, including agreeing and signing off any variations that may be agreed by the Board during the year. All Health Boards should be adopting this practice which is clearly stipulated within the Health Boards Standing Financial Instructions. The Welsh Government is reinforcing this message

through the Directors of Finance forum. We will also ensure that evidence is provided through the submission of the Health Boards 3 year plans that all individual Divisions and budget holders have been fully engaged and involved in agreeing relevant savings plans and cost reduction programmes.

**Recommendation 14:**

We also recommend that the Welsh Government seeks information from directors of finance at all health boards to ensure that the failures evident within the budget planning processes at the Betsi Cadwaladr University Health Board are not being replicated elsewhere.

**Response: Accepted**

The action being taken in relation to recommendation 13 will apply to all Health Boards. We have also ensured that all NHS Bodies have carefully considered the HIW/WAO report and taken any action necessary in their own organisation (See response to recommendation 6).

**Recommendation 15:**

We recommend that the Welsh Government emphasises to health boards that they should wherever possible avoid utilising unsustainable solutions to financial pressures, such as cancelling or postponing operations, which simply defers costs to the next accounting period.

**Response: Accepted**

LHBs already take action to avoid using unsustainable solutions to financial pressures. Decisions are taken by LHBs to postpone operations for a variety of reasons that are not linked to financial pressures. This includes the LHB taking appropriate action to cope with surges in demand for surgical beds as a result of emergency admissions, unexpected absences of key staff and the need to take infection control measures.

Last autumn all NHS organisations in Wales put in place comprehensive winter plans. These plans are helping to ensure the disruption to services from surges in demand for unscheduled care is reduced wherever possible. These plans are wide ranging and include:

- Capacity – with up to 490 additional beds (or equivalents) in the plans
- Enhanced staffing and working arrangements
- Reducing delays in discharge - with enhanced partnership working between the NHS and Social Services Departments
- Improved monitoring and intervention arrangements.

We will reemphasise the need for effective communication with public about the reason for the need to postpone operations at the next meetings of the Chief Executives and Chairs.

**Recommendation 16:**

We recommend that the Welsh Government ensures that all health boards minimise the inconvenience and distress caused to patients and their families by requiring that Boards communicate with patients as soon as possible following a decision to cancel or postpone elective operations.

**Response: Accepted**

We will reemphasise the need for LHBs to minimise the inconvenience and distress caused to patients and their families by ensuring more effective and timely communication about cancelled or postponed elective operations. This matter will feature on the agenda for the next meetings of the Chief Executives and Chairs.

**Recommendation 17:**

We recommend that the Welsh Government takes greater care when commissioning taxpayer funded external advice and that, without exception, the output of such advice is received, reviewed and retained by appropriate Welsh Government departments.

**Response: Accepted**

This is normal practice. There were unique circumstances around the commissioning of the report for Chris Hurst as it was intended to provide advice specially to support the Chief Executive of Betsi Cadwaladr UHB. However, we will ensure all advice directly commissioned by Welsh Government is received, reviewed and retained by the appropriate Department

**Recommendation 18:**

In relation to the sharing of the findings of external reviews the Committee believes that it is vitally important, that safeguards are in place to ensure that such findings are widely utilised to learn lessons and improve processes within health boards. We recommend that Welsh Government takes this forward.

**Response: Accepted**

The CMO has already written to all Medical Directors asking them to share the outcomes from any externally commissioned clinical reviews.

The National Quality and Safety Forum also agreed at its last meeting that a key priority of its work and terms of reference going forward in 2014 should be to develop effective mechanisms to share and disseminate wider learning across NHS Wales and with its key partners. A recent Team Wales event, which brings together executives from all organisations and Welsh Government considered the all Wales learning from the Duerden review of infection control arrangements in Betsi Cadwaladr UHB. As part of the work we are undertaking with WAO and HIW (set out

against recommendation 20) we will also be sharing and discussing findings from reports and reviews with the WAO and HIW on a biannual basis.

(See also response to recommendation 6 in respect of the sharing of WAO report on Betsi Cadwaladr UHB).

**Recommendation 19:**

The Committee believes it is vital that senior leaders set a clear vision for their organisations to respond to the three challenges of developing service, workforce and financial plans. Given the issues around governance arrangements at Betsi Cadwaladr University Health Board, it is imperative that the new senior management of the Board renew and reunite the Executive and non-Executive leadership team, and close the gap between the Board and Wards.

**Response: Accepted**

All NHS organisations in Wales are well advanced in developing 3-year plans which bring together the key elements of service provision, workforce and finance in one document. The statutory requirement for these Integrated Medium Term Plans is now set out and National Health Service Finance (Wales) Act 2014 and detailed requirements and expectations for Boards specified in the Planning Framework issued in November 2013. These plans, will form the basis of a clear vision for each organisation.

A new Chair and Vice Chair are already in post in Betsi Cadwaladr UHB. The recruitment process for a new Chief Executive is underway. Once the full team is in place we will be setting specific objectives for both the Chief Executive and the Chairs to ensure the Board and the non-executive leadership team operate effectively.

The effectiveness of the new team will also be tested as part of:

- The biannual meetings between the senior executive team in Welsh Government and individual LHBs (ie Joint Executive Team (JET) meetings)
- The regular meeting between the Minister and the Chair.
- The annual WAO Structural Assessment.

**Recommendation 20:**

We recommend that Welsh Government work with the Wales Audit Office and Healthcare Inspectorate Wales to develop a clearer set of scales of escalation. This should include a detailed criteria upon which intervention is triggered, the rationale for the type of intervention, and clarity on who should be notified when intervention commences and ceases. We believe that this information should be made accessible to the public.

**Response: Accepted**

The Welsh Government, Healthcare Inspectorate Wales (HIW) and Wales Audit Office (WAO) have been working together to review and where appropriate enhance the collective arrangements for identifying and handling risks to NHS service delivery or organisational effectiveness.

Work has been undertaken to identify the key sources of information and intelligence on NHS bodies that are held by respective parties, and how these can be shared to ensure that emerging concerns are identified and addressed swiftly and effectively. Arrangements are being developed in which this information can be exchanged in a timely manner, and to identify triggers and prompts for escalation and intervention, and who should undertake those actions. Transparency of the process and the communication requirements arising from it are being considered as part of this. The Welsh Government, HIW and WAO will be engaging with NHS Wales and other interested parties over the next few weeks whilst finalising the arrangements.

The NHS Escalation and Intervention Arrangements will be launched in time for the new Financial Year and will be published.

**Recommendation 21:**

We recommend that the Welsh Government gives urgent consideration to the creation of a pool of additional short term leadership capacity, for NHS Wales, that can be drawn upon at short notice and does not impact on other NHS Wales Health organisations.

**Response: Accepted**

We are already considering this and are at the stage of looking at how to overcome the practical constraints of there being people available with appropriate background and skills at the time needed. This means considering also using the wider UK interim market and putting in place framework arrangements that enable these to be accessed within EU procurement rules in a timely manner when needed.

However, the new escalation arrangements we are putting in place with WAO and HIW are aimed to reduce the risk of us needing to deploy additional support at short notice.