

# Royal United Hospitals Bath

Independent review of the well-led framework for  
governance

25 April 2018



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# 1. Introduction

## 1.1 This report

This report provides the findings and recommendations from our well-led governance review performed during January and February 2018. Our fieldwork concluded on 7 February.

In this report:

- ▶ **Section 1** explains the scope of this review and the background to the Trust
- ▶ **Section 2** presents an executive summary of our independent review and recommendations for implementation
- ▶ **Section 3** summarises our findings
- ▶ **Section 4** explains the well-led framework which we used as our assessment reference point
- ▶ **Section 5** presents our findings for each of the eight domains of the well-led framework, and compares the Trusts self-assessment with our independent assessment.
- ▶ **Appendices A-D** contain:
  - ▶ Monitor's RAG rating guidance
  - ▶ Summary of stakeholder perception based on the interviews conducted and observation of the focus group
  - ▶ List of interviews and meetings that formed part of this review
  - ▶ Analysis of meetings observed and time spent on individual agenda items

## 1.2 Scope of this review

In discussions with NHSI, the Board agreed that Royal United Hospitals Bath (RUH) would carry out a well led developmental review of leadership and governance using the well-led framework published by NHSI in June 2017. Prior to EY's independent review, a self-assessment was undertaken by the Board and divisional management teams. Both the self-assessment and the independent review covered all eight of the KLOE's in full. However, the scope of this review does not include the governance arrangements over the wholly owned subsidiary that the Trust is in the process of setting up.

This review took place in January 2018 and was presented to the Trust Board in March 2018.

## 1.3 Overview of the Trust

RUH is a Foundation Trust which provides acute services across the City of Bath, North East Somerset, North Wiltshire, South Wiltshire and Mendip, Services are commissioned by 4 main CCGs and the Trust is a partner of the Bath, North East Somerset, Swindon and Wiltshire Sustainability and Transformation Plan (STP). They deliver the majority of the services from the RUH site and are in the process of developing the site to include a new cancer centre and the services previously provided by the Royal National Hospital for Rheumatic Diseases NHS Foundation Trust (RNHRD) which it acquired in February 2015.

## 1.4 Well- led governance framework review report

We undertook this by reviewing the documents provided to us by the Trust including the self-assessment of the Board and divisions, interviewing Board members and divisional management, obtaining the views of Governors and holding discussions with external stakeholders.

The Company Secretary has reviewed this document and has had the opportunity to comment on its factual accuracy. The Chair and Chief Executive have reviewed the Executive Summary and provided factual accuracy comments. In undertaking our review we have made a number of recommendations. These are set out in section 2 of this report.

## 2. Executive summary

### 2.1 Overview

There are many areas where the Trust demonstrates good governance, and the routine governance processes and systems are strong in relation to other providers where we have provided similar reviews. Of particular strength are the processes and structures for providing assurance to the Board and the focus on risk management by both management and Board members.

There is also a clear consensus that, up to approximately 12 months ago, the Board worked effectively together, helped by a number of years of stable membership. However, there has recently been a period of unplanned transition within the Executive Team. As at the 22 January 2018 the following positions were held by interim or acting Directors

- Medical Director
- Director of Nursing
- Director of Finance/Deputy Chief Executive (the substantive post holder was on annual leave w/c 22 January 2018, prior to formally leaving the Trust on 29 January 2018)
- Director of People

Board members interviewed during our review felt that the events leading to this transition and the subsequent response of the Board, did not detract from a broad consensus that in many areas the Trust's governance processes and systems were strong.

Our review found evidence to support this general view. The governance processes and systems within the Trust are generally strong and support the delivery of the desired outcomes within the Well Led Framework. However, we did find specific issues relating to the transition of Executive Directors, particularly the time taken to demonstrate that there was an effective response to concerns raised by members of the Executive team.

We have, therefore, structured the Executive Summary to provide commentary against each KLOE regarding the routine governance of the Trust. We have then provided specific commentary on the current capacity and capability of the Executive Team and their ability to work effectively to discharge their duties. We also provide commentary on the Trust's handling of concerns raised regarding the Medical Director's working practices.

### 2.2 Assessment of routine governance against the KLOEs

Key Line of Enquiry (KLOEs):	Commentary
<b>KLOE 1</b> (Leadership capacity and capability)	<p>There has been a stable composition of NEDs in recent years and they have the capacity and capability to hold management to account. The Trust is currently planning succession for those NED appointments that are due to expire in coming months. Part of this succession planning has resulted in the Audit Committee Chair's existing term being extended.</p> <p>As part of this succession planning, we recommend that the Trust considers increasing the number of NEDs by one. We understand that the Trust has previously decided to prioritise other skills and experience for NEDs over a clinical background. Extending the number of NEDs would enable this to be achieved. We have also heard a small concern that not all of the NEDs can commit time to activities outside formal Board and Committee meetings and an additional NED could provide greater capacity to fulfil wider NED responsibilities.</p> <p>Commentary on the capacity and capability of the Executive team is provided in section 2.3.</p>
<b>KLOE 2</b> (Strategy & vision)	<p>There was broad consensus that the previous strategy had enabled the Trust to have a clear statement of purpose and helped to galvanise it to a sustained period of high performance.</p> <p>Although some felt that a refreshed strategy was slightly overdue, there has been a robust process for developing the latest strategy (which is currently being finalised) which will shortly result in a clear and credible strategy.</p>

	<p>There were some comments from external stakeholders that the Trust could have engaged more fully with external stakeholders in developing the strategy. It needs to be aware of this view and demonstrate it is engaging and listening to its partners in the health economy.</p>
<b>KLOE 3</b> (Culture)	<p>All those we interviewed demonstrated high awareness of the Trust's values. We also found a strong focus on quality of care at Board, Executive and Divisional level.</p> <p>The Trust is in the process of scoping a large Organisation Development programme, supported by an external consultancy.</p> <p>When making appointments to the Board and divisional leadership, diversity criteria other than gender should be considered and reference made to recommendations within the Parker review. We note that potential NEDs from a BME background have been invited to observe Committee and Board meetings as part of a development programme.</p>
<b>KLOE 4</b> (Roles)	<p>The flow of assurances from Committees to the Board is clearly articulated and executed.</p> <p>Divisions and the Board understand their respective responsibilities.</p> <p>The remit and purpose of the Fit for the Future Board could not be as well articulated by Board members as well as those of other Board Committees and the Terms of Reference should be reviewed by the Board.</p>
<b>KLOE 5</b> (Risks and performance)	<p>We have found strong processes and systems, as well as a strong culture, of risk management at Board and Committee level. There is also a strong focus amongst Executive and NEDs of assessing levels of assurance that exist in relation to issues.</p> <p>There were some concerns raised that the Performance Management Framework resulted in some duplication of questions, but the system of managing the performance of the divisions is robust.</p>
<b>KLOE 6</b> (Information)	<p>High quality information, particularly in relation to Quality and ED performance is provided to the Board.</p> <p>There is also strong evidence of challenge, support and action arising from the Quality section of the Board agenda.</p> <p>Although the quality of information and analysis relating to ED performance is strong, analysis of Board minutes and observations of the January Board showed that there was limited challenge on the operational performance of the Trust. Analysis of previous Board minutes shows there is typically minimal discussion of financial performance. We do note that the Trust has reported being on course to deliver its Control Total during 2017/18, However, a presentation at the January Private Board highlighted the underlying financial position of the Trust, and there will need to be a greater focus on finances in future.</p>
<b>KLOE 7</b> (People, staff and external partner engagement)	<p>The Trust uses multiple channels for engaging with its staff. The Trust also engages with external partners. For example, the CEO was previously the STP lead and currently Chairs the BaNES A&amp;E Delivery Board.</p> <p>The Trust needs to be aware that some internal stakeholders considered that the Chair and Chief Executive of the Trust had an external reputation for not treating external stakeholders as equal partners in the system. This was supported to some extent by our conversations with external stakeholders, although others found the Chair and Chief Executive to be constructively engaged.</p> <p>A frequent theme of our discussions was the increasing tension in the relationship with B&amp;NES CCG, which was felt to be caused by their deteriorating financial position. Nonetheless, the Trust needs to develop more effective relationships with its key commissioner.</p>
<b>KLOE 8</b> (Learning, improvement and innovation)	<p>There are robust system and processes, as well as a culture, for learning, continuous improvement and innovation.</p>

## 2.3 Transition of Executive Directors

### Background

Commencing in December 2015 and continuing through 2017, three Executive Directors (the Director of Finance, the Director of People and the Director of Nursing) have raised individual and collective concerns to the Chief Executive regarding the working practices of the Medical Director.

We have only included in this report a summary of the events sufficient to understand their significance in relation to the Trust's compliance with the Well Led Governance Framework.

The events have occurred over a period exceeding two years and have been, or are currently subject to, four separate externally led investigations. At the time of writing this report, only two of these investigations had been completed – the 'Power's Investigation' and the 'Counter Fraud report'. Upon completion of the two further investigations, the Board need to consider what further actions may be required in addition to those recommended within this report.

It should be noted that whilst the events themselves are not the focus of this review, we have assessed their impact on the ability of the Executive Team to work effectively to fulfil their obligations. We have also assessed the Trust's response to these events against relevant areas of the Well Led Governance Framework.

The initial concerns of the Director of Finance and Director of People were that the Medical Director was not complying with his Consultant Contract Job Plan, and that this has caused problems in agreeing and enforcing job plans with other consultants. The initial concern of the Director of Nursing was that the Medical Director was not fully fulfilling his duties as Medical Director and not completing others on a timely basis, placing pressure on the Nursing Directorate and Divisional Chairs.

The raising of these issues and subsequent investigations have had the following impact on the composition of the Executive Team

- Director of Finance – she has stated that she resigned from the Trust as a result of these events specifically that she does not believe that members of the Board - particularly the Chief Executive and, to a lesser extent, the Chair - listened to and followed up her concerns fully and on a timely basis. This led to her raising concerns with a senior member of NHSI's management and requesting that Counter Fraud perform an investigation.
- Director of Nursing – she has also stated that she does not believe that members of the Board - and in particular, the Chief Executive and the Chair - followed up her concerns fully and in a timely manner. This led her raising concerns with her professional lead at NHS Improvement and subsequently leaving the Trust for a period of time to go on secondment to NHSI.
- Director of People – she had left the Trust prior to our review and we have not interviewed her. There are mixed views as to what her motivations were for leaving the Trust. However, there is evidence that she was concerned regarding the timeliness and fullness of the response of the Chief Executive to the concerns she raised with him.

### Current capacity and capability and effectiveness of the Executive Team

KLOE 1 is concerned with the leadership capacity and capability within a Trust and KLOE 3 is concerned with effective team working at all levels of the Trust.

Every internal interviewee spoke highly of the ability of the three acting Directors (Nursing, Medical and People) to perform their functional role.

The substantive Director of People commences post in April 2018 and the substantive Director of Finance in June 2018. An interim Director of Finance has been appointed from February 2018 to June 2018. The Director of Nursing returned from her secondment on the 29 January 2018.

No one interviewed believed there had been any immediate loss in capacity or capability in the functional roles of the Executive. Interviewees commented that the acting Director of Nursing and

Acting Medical Director have a better working relationship than the two substantive Directors. For example, the joint walk rounds now performed was commented by many as being a significant improvement and one that should be continued.

There was a concern that no additional capacity had been brought in to backfill the substantive positions of the Acting Medical Director and Acting Director of Nursing. While it was commented that both had successfully fulfilled all functional duties, there was a concern as to how sustainable it was for them to continue to act up without access to additional capacity.

The capacity of the Executive Team was most stretched at the end of January 2018. This was demonstrated by the Board meeting we observed on 31<sup>st</sup> January that there was only three substantive Executive Directors in attendance – the CEO, the Commercial Director and the Director of Nursing who had only returned from her secondment two days previously (we note the Chief Operating Officer was absent through Annual Leave). Although we observed that all Executive Directors present contributed constructively to the meeting, the capacity of the Executive team is clearly fragile. This capacity should be enhanced from February once Interim and Substantive Directors begin to take up posts, but if there are delays, or if there is further turnover, the Trust will need to obtain additional capacity.

All of those interviewed agreed that, regardless of the ability of the acting Directors, losing four highly experienced and highly regarded Directors on either a temporary or permanent basis was not a favourable outcome and inevitably led to some reduction in the overall capability and capacity of the Unitary Board.

There was also significant and serious concern as to whether the Medical Director and Director of Nursing could work together when both return to their substantive roles. Although interviewees noted that during Board meetings a working relationship was maintained, those who observed interactions outside these meetings noted that it was obvious there was unhealthy tension.

In addition to addressing this issue, the Trust will need to consider how it will more broadly build effective working relationships within the Executive team given the appointments of the new Director of Finance and Director of People.

A focus of this development activity needs to be on how conflict is managed within the Executive Team.

There is some disagreement about the respective responsibilities of the Director of Nursing and the Medical Director. Linked to this is a difference of view regarding the degree to which Divisions are responsible for managing issues relating to clinical leadership.

The Trust is currently responding to a recommendation from the Powers Investigation regarding the Medical Director model it wants to use in the future and whether sufficient supporting resources are provided to enable effective performance of the role. This review should also ensure that the role and accountabilities of the Director is clear and should be widened to include the Nursing Directorate. This will enable separate and joint accountabilities to be clearly understood.

### **Timeliness and fullness of response to concerns raised**

KLOE 3 considers if the raising of concerns is encouraged and if conflicts are resolved quickly.

As noted above, concerns were first raised regarding working practices of the Medical Director in December 2015. The October 2017 Audit Committee felt that these original concerns had not been dealt with in accordance with the Trust's values or in line with the Raising Concerns (Whistleblowing) Policy. However, there was then subsequent correspondence between the Audit Committee Chair and Chair and Chief Executive on this issue. Assurance was provided that the Raising Concerns (Whistleblowing) Policy had been complied with.

The Chief Executive was, and is, of the view that the working practices of the Medical Director did not cause him concern and that there were no performance issues with the Medical Director.

However, the majority of interviewees have found it difficult to understand how the events were allowed to escalate. They believe that this escalation was caused by the frustration of the three Directors who raised the initial concerns at the perceived absence of timely investigation and intervention by the Chief Executive. The Audit Committee, at its meeting in October 2017, noted that there 'had been several opportunities over the last 18 months, starting from when the Director of HR

first raised these issues with the Chief Executive, where actions could have been taken which may have avoided the various negative outcomes that have since arisen’.

Although we understand that the Chair did not become aware of the concerns until 15 March 2017, there is evidence that the three Directors who raised concerns believe that the Chair also did not listen to them. The 2017 Audit Committee meeting noted that one member considered ‘that it sometimes feels like it has been treated as an inconvenience (by both the Chairman of the Board and the Chief Executive) rather than as a serious issue to be dealt with.’ However, the Chair had asked the Initial Investigator for the next steps that should be followed and these were contained in a letter dated 5 July 2017. These next steps were followed and we note the Chair also did meet those raising concerns.

We also note that the Chief Executive did not meet with the Audit Committee to discuss the issues, in part due to the need to follow due process with respect to investigations which were ongoing at the time.

The Terms of Reference of the Initial Investigation were set by the Chair, and were approved by NHS Improvement. Those Directors who raised the initial concerns were disappointed with the execution and outcome of the initial investigation. Concerns regarding the execution of the initial investigation, and its scope, were raised at the October 2017 Audit Committee. This resulted in them requesting a further investigation, particularly in light of findings from a separate Counter Fraud investigation in to the working practices of the Medical Director.

From interviews with Board members, it is clear that different Board members became aware of concerns at different times, with the Board collectively discussing the concerns for the first time in July 2017, where it was agreed that a ‘confidential risk’ would be recorded and monitored by the Board. The initial investigation report was concluded on 5 July 2017. However, it was not circulated to all Board members until after the September 2017 Board meeting.

The first Board meeting at which the events were discussed was in September 2017, at which point a ‘confidential risk’ was added to the Risk Register.

The October 2017 Audit Committee considered a number of broader issues that arose from this issue. These included a concern that the manner in which the issue was managed has not set the right tone for the organisation (although, as noted, assurance was subsequently provided that the Raising Concerns (Whistleblowing) Policy had been complied with). We understand that, following direction from NHS Improvement, the Board has now agreed that Internal Audit will perform a specific review in this area.

The actions from the October Audit Committee were considered at a Private session of the February 2018 Audit Committee. A report then followed from the Committee to the Board of Directors. It summarised that a third and final investigation in to the original complaints had been concluded and that there was no case to answer. The report did identify that ‘there appeared to have been a number of missed opportunities over the last 18 months, where the issues giving rise to the .... investigation could have been dealt with earlier and with less negative impact on the team’. It then summarised next steps that would enable the completion of actions required under the enforcement undertakings agreed with NHS Improvement

## 2.4 Scoring summary

Table 1 below shows the Trust self-assessment scores. We have applied the technical rules around scoring, and provided our RAG rating based on the independent assessment. We recommend that the Trust Board give particular consideration to the areas where the RAG ratings are different to the Board self-assessment and consider implementation of the suggested actions.

**Table 1 – Assessment summary**

Key Line of Enquiry (KLOEs):	Question	Board self-assessment RAG	Independent assessment RAG	Commentary
KLOE 1 (Leadership capacity and capability)	1. Is there the leadership capacity and capability to deliver high quality, sustainable care?	Amber	Inadequate/ Requires Improvement	This KLOE asks whether the Board functions effectively as a team. The difficult situation involving the Medical and Nursing Directors, combined

				<p>with the onboarding of a number of other Executives, indicates we cannot confirm this is the case at present</p> <p>There was broad consensus that the deterioration in the relationship between the Director of Nursing and the Medical Director mean that they will not be able to work effectively in the future. There is evidence that the resignations of the Director for People and Director of Finance, the secondment of the Director of Nursing and the temporary stepping down of the Medical Director is, at least in part, attributable to an inability to quickly resolve conflict and tensions within the Executive Team.</p> <p>A programme of team development activity needs to be put in place, both for the Executive and for the Board, particularly given that there will be a number of new Board members in coming months.</p> <p>We believe that such a programme can be put in place within a 3 to 6 month timeframe. We also understand that there is plan to resolve the issue regarding the Director of Nursing and Medical Director not working effectively together. Once implemented, this plan will result in this KLOE being assessed as 'Requires Improvement' . .</p>
<b>KLOE 2</b> (Strategy & vision)	2. Is there a clear vision and a credible strategy to deliver high quality, sustainable care?	<b>Amber</b>	<b>Requires Improvement</b>	<p>The Trust is finalising and rolling out its new strategy. Similarly, it is developing a proposal for an Organisational Design programme. Whilst both of these projects are seen as positive by internal stakeholders, neither has been fully rolled out and embedded.</p>
<b>KLOE 3</b> (Culture)	3. Is there a culture of high quality, sustainable care?	<b>Amber</b>	<b>Requires Improvement</b>	<p>There is evidence that the three Directors who raised concerns regarding the working practices of the Medical Director did not feel supported.</p> <p>Concerns have also been raised by the Audit Committee that concerns were not treated in line with the Trust's values. They have also concluded that the concerns could have been dealt with earlier and with less</p>

				negative impact on the team. However, we have scored the KLOE as Amber in recognition of the strong overall processes and systems.
<b>KLOE 4</b> (Roles)	4. Are there clear responsibilities, roles and systems of accountability to support good governance and management?	<b>Amber</b>	<b>Requires Improvement</b>	We agree with the Trust's rating. In addition to completing the review of the remit and resources of the Medical Directorate, we recommend a similar review of the Nursing Directorate be performed so that joint accountabilities can also be considered and captured and resource allocation planned.
<b>KLOE 5</b> (Risks and performance)	5. Are there clear and effective processes for managing risks, issues and performance?	<b>Green</b>	<b>Good</b>	We identified no major omissions against the framework requirements.
<b>KLOE 6</b> (Information)	6. Is appropriate and accurate information being effectively processed, challenged and acted on?	<b>Green</b>	<b>Good</b>	We identified no major omissions against the framework requirements.
<b>KLOE 7</b> (People, staff and external partner engagement)	7. Are the people who use services, the public, staff and external partners engaged and involved to support high quality sustainable services?	<b>Amber</b>	<b>Requires Improvement</b>	We agree with the Trust's rating. While the Trust does have effective relationships with many stakeholders, it should be aware that there is some evidence that Chair and Chief Executive have an external reputation for not treating external stakeholders as equal partners in the system. Given the increasingly strained relationship with B&NES CCG, it is important that the Trust continues to work effectively with all external partners.
<b>KLOE 8</b> (Learning, improvement and innovation)	8. Are there robust systems and processes for learning, continuous improvement and innovation?	<b>Green</b>	<b>Good</b>	We identified no major omissions against the framework requirements.

## 3. Recommendations

### 3.1 Summary of recommendations requiring implementation

These recommendations relate to issues identified during our assessment of routine governance systems and processes. Specific issues and recommendations in relation to the transition of Executive Directors are discussed in section 2.2. We are also aware that NHS Improvement and the Audit Committee have identified a number of actions in relation to this issue.

In making these recommendations, we have considered how the Trust compares against industry standards within each KLOE. We can also provide the Trust with examples from other providers as it prepares its action plan resulting from this review. However, as stated in section 2.2, there are many areas where the Trust is providing strongly when compared to other providers at which we have performed similar reviews.

Domains	Recommendations
<b>KLOE 1a</b>	<ul style="list-style-type: none"> <li>▶ The Trust should consider strengthening its clinical oversight with the appointment of at least 1 NED with recent and relevant clinical experience. It should also explore, within the confines of its current constitution, whether it can increase the number of governors from clinical staff groups.</li> <li>▶ The Trust should undertake a Board capability review to assess any gaps in expertise and capacity within the current Board composition.</li> <li>▶ The Trust needs to put a programme of team developmental activity in place for the Board and for the Executive Team. This programme should include sessions on how the Board works effectively together.</li> </ul>
<b>KLOE 1c</b>	<ul style="list-style-type: none"> <li>▶ The Trust should consider implementing a formal leadership strategy, with a particular focus on succession planning at both Executive and Divisional levels.</li> <li>▶ The Trust should ensure the organisational development work they have commissioned addresses the managerial element of senior clinicians' roles</li> </ul>
<b>KLOE 1d</b>	<ul style="list-style-type: none"> <li>▶ The Trust should re-issue guidance on the reason and structure for patient safety visits to ensure consistency across all services and so staff are clear of their purpose.</li> </ul>
<b>KLOE 2a</b>	<ul style="list-style-type: none"> <li>▶ While we saw evidence of extensive engagement during the production of the new strategy, some external stakeholders commented they were not fully engaged. The Trust need to be aware of this point of view so that they can mitigate against similar views being expressed in future</li> </ul>
<b>KLOE 2d</b>	<ul style="list-style-type: none"> <li>▶ The Board should review the Terms of Reference for the Fit For the Future Committee and consider if they need to be updated to meet the current needs of the Board.</li> </ul>

<b>KLOE 3e</b>	<ul style="list-style-type: none"> <li>▶ The Board should consider the recommendations within the Parker Review when making Board appointments</li> </ul>
<b>KLOE 3f</b>	<ul style="list-style-type: none"> <li>▶ The intra divisional meetings are useful to ensure cross divisional working and identification of flow and risk issues. The Trust should consider formalising the output of these meetings.</li> </ul>
<b>KLOE 4a</b>	<ul style="list-style-type: none"> <li>▶ The Trust should review the structure and the remit of the Medical Director . In line with this a review of the Nursing Director's office should also take place to clearly identify sphere of accountability and joint working.</li> <li>▶ The Trust should review the information the Divisions are required to provide to ensure there is no duplication, for example, between the ODR and Executive Performance Review.</li> </ul>
<b>KLOE 4c</b>	<ul style="list-style-type: none"> <li>▶ The Trust should strengthen the NED appraisal process to include a mid-year review.</li> </ul>
<b>KLOE 5a</b>	<ul style="list-style-type: none"> <li>▶ The mitigating actions recorded against the risks in the Trust BAF would benefit from being assigned a lead individual responsible and a deadline to further enforce accountability.</li> <li>▶ Our review of the Trust risk register highlighted that there were a number of risks in each Division that have been outstanding for a number of years with no action plan or update. From our discussions with Divisions, we understand that the majority of these risks should have been closed down and Women's and Children's have recently undertaken a review of risks dating back to 2014 and 2015. A similar review should take place across all Divisions to ensure the organisational risk register is up-to-date.</li> <li>▶ Additionally, it was highlighted to us that outstanding risks on the register are an indication of staff not being aware how to use Datix correctly in order to close down risks in a timely manner. Further, risk reporting uptake varies from specialty to specialty. Additional risk management / Datix training should be provided to all clinical staff to ensure they are aware of importance of risk reporting and feel confident to do so via Datix.</li> <li>▶ The Trust should identify and formally document the process for reporting near misses. Additional training to staff should be provided on reporting and disseminating information and lessons learnt to staff within their areas of remit.</li> <li>▶ The Audit Committee should provide additional scrutiny to overdue recommendations on the audit recommendations' tracker in order to hold responsible individuals to account. Where a recommendation is overdue, an action plan should be provided clearly stating the actions being taken to get the implementation of recommendations back on track.</li> </ul>
<b>KLOE 5b</b>	<ul style="list-style-type: none"> <li>▶ As part of the improved QIA process, the Trust should introduce a QIPP scheme QIA monitoring system to record the date of when each QIA took place, QIA score recorded and the approver. Recurring QIPP schemes should be regularly re-assessed for quality impact.</li> <li>▶ Although QIPP performance is regularly discussed during Divisional and Executive level meetings, the focus of these is largely on delivery of financial benefit rather than quality impact. Although we understand that the Trust consider majority of the QIPP schemes to not have a negative impact on quality, the Trust would benefit from a quarterly assessment of quality impact of</li> </ul>

	QIPP schemes following their implementation.
<b>KLOE 5c</b>	<ul style="list-style-type: none"> <li>▶ Greater challenge and debate of the Trust's finances will be required in future. The underlying financial position of the Trust should be given greater prominence during in-year reporting. There should also be greater debate and understanding of financial risks and mitigations, considering that the Trust will not receive the same level of non-recurrent financial benefits in 2018/19 as in the prior year financial year and given the increasingly financially challenged position of BaNES CCG.</li> <li>▶ Furthermore, the QIPP forecast is based on the YTD projection divided by the number of months. This could be improved by considering factors that may account for month-on-month variances in QIPP delivery, which could be identified through discussions with Divisions.</li> </ul>
<b>KLOE 5d</b>	<ul style="list-style-type: none"> <li>▶ The Trust has an Operational Delivery Review (ODR) which is attended by the Divisional triumvirates. The agenda of the Operational Delivery Review is similar to that of the Executive Divisional Performance Review (EDPR). We understand that the purpose of these is to ensure that Divisions are held to account on their performance. We recommend for this arrangement to be reviewed and for the Trust to establish whether there is duplication between the ODR and the EDPR. Divisions should then report to EDPR by exception, which would enable them to free up Executives' time.</li> </ul>
<b>KLOE 6a</b>	<ul style="list-style-type: none"> <li>▶ The Trust would benefit from standardising the standing agenda items in Divisional Board meetings across all divisions, and agree if exception reporting is to be used as the basis for reporting.</li> <li>▶ The Trust should continue with the development of PLICS at the Trust, focussing specifically on ways to make the data timely and relevant for operational decision-making.</li> </ul>
<b>KLOE 6b</b>	<ul style="list-style-type: none"> <li>▶ The integrated balanced scorecard currently does not include SMART actions against all KPIs that were RAG-rated red. The report could benefit from further narrative outlining the key issues for underperformance within each Division and how these are being addressed.</li> </ul>
<b>KLOE 6e</b>	<ul style="list-style-type: none"> <li>▶ As Cyber Security has been raised as an area of concern by the Trust Internal Audit function and all recommendations in relation to the audit were overdue in December, we recommend the remediation of cyber security risks is monitored by the Trust Board, considering the potential impact on quality and patient safety.</li> </ul>
<b>KLOE 6g</b>	<ul style="list-style-type: none"> <li>▶ Taking into consideration the legal and financial implications of potential non-compliance with the GDPR, the Trust should review its action plan to ensure the actions follow the SMART model and include sufficient level of detail. The Trust could also benefit additional Board-level oversight over the implementation of actions within the action plan.</li> </ul>
<b>KLOE 7b</b>	<ul style="list-style-type: none"> <li>▶ The Trust should consider developing an action plan on how to empower staff to be more open and proactive in reporting issues. This should take place in</li> </ul>

	<p>consultation with the Trust employees to understand what prevents them from reporting and how to address this.</p> <ul style="list-style-type: none"> <li>▶ Although some metrics from the NHS Staff Survey may be in line with national averages, the Trust should seek to improve communication with its staff further.</li> </ul>
<b>KLOE 7c</b>	<ul style="list-style-type: none"> <li>▶ The Trust should consider the manner in which it engages with external stakeholders. There is a need for greater demonstration of how Trust's strategy meets the needs of the local health economy.</li> <li>▶ Although the Trust CEO holds the ultimate responsibility for managing external stakeholder relationships, other Executive and Non-Executive Directors should aim to engage with the CCGs and Local Authorities. This would improve the visibility of the Trust Board amongst the Trust's external stakeholders and help develop broader relationships with partners.</li> <li>▶ In spite of Trust's participation in external boards and forums, discussions with internal and external stakeholders highlighted that its most senior leaders can be perceived by some external stakeholders as inward looking and focussed on the Trust's individual success rather than its place in the local health economy. Furthermore, divisional staff interviewed advised us that they had not participated in 360 degree feedback or appraisal process for any of the Trust Board members. The Trust should consider implementing a formal 360 degree feedback process for all senior leaders within the Trust, which should include external stakeholders.</li> </ul>
<b>KLOE 8d</b>	<ul style="list-style-type: none"> <li>▶ The Trust Board or an appropriate sub-committee of the Board should ensure that staff wellbeing and issues, such as lower than expected appraisal rates, have clearly defined actions to address them.</li> </ul>

## 4. The well-led framework

### 4.1 The well-led framework

Under the 'Risk assessment framework' and in line with their Code of Governance, Monitor expects NHS foundation trusts to carry out an external review of their governance every three years.

In the current version of the well-led Framework<sup>1</sup>, Monitor has moved away from the four domains and ten high level questions asked of NHS provider organisations in the previous framework to a model of eight key lines of enquiry (KLOEs). **Error! Reference source not found.** below illustrates the elements of the framework.

**Figure 1: Well-led framework KLOE model**

<p><b>1</b></p> <p>Is there the <b>leadership capacity and capability</b> to deliver high quality, sustainable care?</p>	<p><b>2</b></p> <p>Is there a clear <b>vision</b> and credible <b>strategy</b> to deliver high quality, sustainable care to people, and robust plans to deliver?</p>	<p><b>3</b></p> <p>Is there a <b>culture</b> of high quality, sustainable care?</p>
<p><b>4</b></p> <p>Are there clear responsibilities, <b>roles</b> and systems of accountability to support good governance and management?</p>	<p><b>Are services well led?</b></p>	<p><b>5</b></p> <p>Are there clear and effective processes for managing <b>risks</b>, issues and <b>performance</b>?</p>
<p><b>6</b></p> <p>Is appropriate and accurate <b>information</b> being effectively processed, challenged and acted on?</p>	<p><b>7</b></p> <p>Are the <b>people</b> who use services, the public, <b>staff</b> and <b>external partners engaged</b> and involved to support high quality sustainable services?</p>	<p><b>8</b></p> <p>Are there robust systems and processes for <b>learning</b>, continuous <b>improvement</b> and <b>innovation</b>?</p>

(Page 10 of the Well-led framework dated June 2017)

Each of the framework's KLOEs is supplemented with characteristics of good organisations and detailed descriptions of good practices which Trusts can use to better self-assess themselves against the expected standard.

<sup>1</sup> Well-led framework for governance reviews: guidance for NHS Foundation Trusts, Monitor June 2017

## 5. Our findings

### 5.1 Introduction

This section summarises the self- assessment from the Trust Board against the four domains covering the outcomes of the well-led framework and our independent assessment based on the documents that we reviewed, interviews that we conducted and the meetings we attended.

In this section, we have focussed on narrative relating to the routine governance of the Trust. Issues relating to the recent transition in Executive Directors is commented upon in the Executive Summary.



## Appendix A NHS Improvement RAG rating guidance

Scoring against Well-led governance framework:

Risk rating	Definition	Evidence
 Outstanding	The leadership, governance and culture are used to drive and improve the delivery of high quality person-centred care.	Many elements of good practice + no major omissions
 Good	The leadership, governance and culture promote the delivery of high quality person-centred care.	Some elements of good practice, + some minor omissions and + robust action plans to address perceived gaps with proven track record of delivery
 Requires improvement	The leadership, governance and culture do not always support the delivery of high quality person-centred care.	Some elements of good practice + no major omissions. + action plans to address perceived gaps are in early stage of development with limited evidence of track record of delivery
 Inadequate	The delivery of high quality care is not assured by the leadership, governance or culture in place.	Major omission in governance identified. + significant volume of action plans required with concerns regarding management's capacity to deliver

## Appendix B Stakeholder perceptions of Board effectiveness and impact

<b>Feedback from Internal Audit, External Audit, Lead Commissioners, Local Authority</b>	
<ul style="list-style-type: none"> <li>▶ Prior to the recent turnover at Executive level, the Trust were, for a number of years, seen as a stable organisation with a strong, capable Board</li> <li>▶ Internal and External Audit representatives received constructive challenge from the Audit Committee and felt the NEDs asked 'probing' questions</li> <li>▶ The Trust were viewed as proactive in implementing the recommendations raised during internal and external audit reviews</li> </ul>	<p><b><i>Development areas noted:</i></b></p> <ul style="list-style-type: none"> <li>▶ Greater transparency over the Trust strategy and how it fits into the wider health economy is required. External stakeholders did not feel well-informed and perceived the Trust as inward-looking.</li> <li>▶ Senior Trust leaders (the Chair and CEO) were often perceived as not treating other organisations as equal partners in the system.</li> </ul>
<b>Feedback from Governors</b>	
<ul style="list-style-type: none"> <li>▶ The Governors appreciated the access to Committee meetings</li> <li>▶ They felt that their constituencies and communities they represented were supportive of the Trust and the work that they do and the feedback has largely been positive</li> </ul>	<ul style="list-style-type: none"> <li>▶ The Governors felt the Trust Board could be more proactive, rather than reactive, in engaging with the CoG. Currently the onus is on the Governors to engage with Executive Directors and NEDs.</li> <li>▶ The Governors felt there was scope for a joint away day that would involve joint development/engagement sessions.</li> <li>▶ Some Governors thought it would be beneficial for the Trust to recruit a NED with a clinical background.</li> <li>▶ The Governors emphasised the importance of a stable Board and expressed their concern about consequences of potentially losing one more Executive Director.</li> </ul>

## Appendix C Interview schedule

<b>List of interviewees</b>			
<b>External stakeholders</b>	<p>Internal Audit (KPMG) – Melanie Watson (12 January 2018)</p> <p>External Audit (Deloitte) – Gus Miah (6 February 2018)</p> <p>Clinical Chair Bath &amp; North East Somerset CCG – Dr Ian Orpen (30 January 2018)</p> <p>CEO Bath &amp; North East Somerset CCG – Tracey Cox (02 February 2018)</p> <p>CEO Bath &amp; North East Somerset Council – Ashley Ayre (26 January 2018)</p> <p>Wiltshire CC - Cabinet member for adult social care, public health and public protection (23 April 2018)</p>		
<b>Board and committee meetings</b>	<p>Trust Board meeting – 31 January 2018</p> <p>Clinical Governance Committee meeting – 15 January 2018</p> <p>Non-Clinical Governance Committee meeting – 22 January 2018</p> <p>Audit Committee meeting – 22 February 2018</p> <p>Management Board meeting – 24 January 2018</p> <p>Council of Governors Focus Group – 8 February 2018</p>		
<b>Board members</b>	<table border="0" style="width: 100%;"> <tr> <td style="vertical-align: top; width: 50%;"> <p><b>Executive Directors and Directors</b></p> <p>Chief Executive Officer – James Scott (23 January 2018)</p> <p>Director of Finance and Deputy CEO – Sarah Truelove (5 January 2018)</p> <p>Medical Director – Tim Craft (24 January 2018)</p> <p>Chief Operating Officer – Francesca Thompson (15 January 2018)</p> <p>Director of Nursing and Midwifery – Helen Blanchard (29 January 2018)</p> <p>Commercial Director (Non-Voting) – Jocelyn Foster (5 January 2018)</p> <p>Acting Director of People – Victoria Downing-Burn (16 January 2018)</p> <p>Acting Medical Director and Head of Women’s and Children’s Division – Bernie Marden (5 January 2018)</p> <p>Acting Director of Nursing and Midwifery – Lisa Cheek (5 January 2018)</p> </td> <td style="vertical-align: top; width: 50%;"> <p><b>Non-Executive Directors</b></p> <p>Chairman – Brian Stables (23 January 2018)</p> <p>Non-Executive Director, Vice Chairman and Senior Independent Director – Joanna Hole (16 January 2018)</p> <p>Non-Executive Director – Moira Brennan (16 January 2018)</p> <p>Non-Executive Director – Jeremy Boss (5 January 2018)</p> <p>Non-Executive Director – Nigel Sullivan (5 January 2018)</p> <p>Non-Executive Director – Jane Scadding (9 January 2018)</p> </td> </tr> </table>	<p><b>Executive Directors and Directors</b></p> <p>Chief Executive Officer – James Scott (23 January 2018)</p> <p>Director of Finance and Deputy CEO – Sarah Truelove (5 January 2018)</p> <p>Medical Director – Tim Craft (24 January 2018)</p> <p>Chief Operating Officer – Francesca Thompson (15 January 2018)</p> <p>Director of Nursing and Midwifery – Helen Blanchard (29 January 2018)</p> <p>Commercial Director (Non-Voting) – Jocelyn Foster (5 January 2018)</p> <p>Acting Director of People – Victoria Downing-Burn (16 January 2018)</p> <p>Acting Medical Director and Head of Women’s and Children’s Division – Bernie Marden (5 January 2018)</p> <p>Acting Director of Nursing and Midwifery – Lisa Cheek (5 January 2018)</p>	<p><b>Non-Executive Directors</b></p> <p>Chairman – Brian Stables (23 January 2018)</p> <p>Non-Executive Director, Vice Chairman and Senior Independent Director – Joanna Hole (16 January 2018)</p> <p>Non-Executive Director – Moira Brennan (16 January 2018)</p> <p>Non-Executive Director – Jeremy Boss (5 January 2018)</p> <p>Non-Executive Director – Nigel Sullivan (5 January 2018)</p> <p>Non-Executive Director – Jane Scadding (9 January 2018)</p>
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**Internal stakeholders**

- Head of Medical Division – Dr Robin Fackrell (23 January 2018)
- Head of Surgical Division – Jon McFarlane (1 February 2018)
- Divisional Manager for Medicine – Sarah Hudson (23 January 2018)
- Deputy Divisional Manager for Surgery – Claire Damen (23 January 2018)
- Divisional Manager for Women’s and Children’s – Rhiannon Hills (24 January 2018)
- Head of Nursing for Medicine – Jo Miller (23 January 2018)
- Head of Nursing for Surgery – Ana Gleghorn (29 January 2018)
- Head of Nursing for Women’s and Children’s – Sarah Merritt (24 January 2018)