

Reporting to:	Trust Board - 30 April 2015
Title	Governance - Well-led framework
Sponsoring Director	Julia Clarke - Director of Corporate Governance
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Previously considered by	n/a
Executive Summary	<p>The NHS Trust Development Authority, alongside and Monitor and CQC, has issued the <i>Well-led framework</i> (published 15 April, 2015) for NHS providers.</p> <p>This guidance provides a consistent view as to what constitutes a well-led NHS organisation in terms of its leadership, management and governance. The well-led framework builds on, and will replace, the existing tools of the Board Governance Assurance Framework (BGAF) and the Quality Governance Framework (QGF). It will support organisations to gain assurance that they are well led and represents a 'core' reference for structure reviews of governance. This will be through self-assessment and external review.</p> <p>This report gives an overview of the changes outlines in the well-led framework, and describes the links with other key guidance such as Monitor's <i>Risk Assessment Framework</i> and TDA's <i>2015/16 Accountability Framework for NHS Trust Boards</i></p> <p>The well-led framework document is included within the supporting information pack for information.</p>
<p>Strategic Priorities</p> <p>1. Quality and Safety</p> <p>2a) Healthcare Standards: Operational Performance Standards</p> <p>2b) Healthcare Standards: Service Reconfiguration</p> <p>3. People and Innovation</p> <p>4. Community and Partnership</p> <p>5. Financial Strength: Sustainable Future</p>	<p><input checked="" type="checkbox"/> Reduce harm, deliver best clinical outcomes and improve patient experience through our Quality Improvement Strategy</p> <p><input checked="" type="checkbox"/> To develop a transition plan, with supporting mitigation actions and contingency plans, that ensures the safety and short term sustainability of challenged clinical services</p> <p><input type="checkbox"/> To address the existing capacity shortfall and process issues to consistently deliver national healthcare standards</p> <p><input checked="" type="checkbox"/> To undertake a review of all current services at specialty level to inform future service and business decisions</p> <p><input type="checkbox"/> Complete and embed the successful reconfiguration of Women and Children's services</p> <p><input checked="" type="checkbox"/> Develop a sustainable long term clinical services strategy for the Trust to deliver our vision of future healthcare services through our Future Fit Programme</p> <p><input checked="" type="checkbox"/> Develop our leaders and promote staff engagement to make our organisation a great place to work through our People Strategy</p> <p><input type="checkbox"/> Develop a robust Investment Strategy to modernise our equipment and estate to support service transformation and increase productivity through the use of technology)</p> <p><input type="checkbox"/> Embed a customer focussed approach and improve relationships with our GPs through our Stakeholder Engagement Strategy</p> <p><input checked="" type="checkbox"/> Develop a transition plan that ensures financial sustainability and addresses liquidity issues pending the outcome of the Future Fit Programme</p>
Board Assurance Framework (BAF) Risks	<p><input checked="" type="checkbox"/> If we do not deliver safe care then patients may suffer avoidable harm and poor clinical outcomes and experience</p> <p><input checked="" type="checkbox"/> If we do not implement our falls prevention strategy then patients may suffer serious injury</p> <p><input checked="" type="checkbox"/> If the local health and social care economy does not reduce the Fit To Transfer (FTT) waiting list from its current unacceptable levels then patients may suffer serious harm</p> <p><input checked="" type="checkbox"/> Risk to sustainability of clinical services due to potential shortages of key clinical staff</p>

	<input checked="" type="checkbox"/> If we do not achieve safe and efficient patient flow and improve our processes and capacity and demand planning then we will fail the national quality and performance standards <input checked="" type="checkbox"/> If we do not have a clear clinical service vision then we may not deliver the best services to patients <input checked="" type="checkbox"/> If we do not get good levels of staff engagement to get a culture of continuous improvement then staff morale and patient outcomes may not improve <input checked="" type="checkbox"/> If we are unable to resolve our (historic) shortfall in liquidity and the structural imbalance in the Trust's Income & Expenditure position then we will not be able to fulfil our financial duties and address the modernisation of our ageing estate and equipment
Care Quality Commission (CQC) Domains	<input type="checkbox"/> Safe <input type="checkbox"/> Effective <input type="checkbox"/> Caring <input type="checkbox"/> Responsive <input checked="" type="checkbox"/> Well led
<input type="checkbox"/> Receive <input type="checkbox"/> Review <input checked="" type="checkbox"/> Note <input checked="" type="checkbox"/> Approve	Recommendation The Trust Board is asked to NOTE the well-led framework requirements and its replacement of the Quality Governance Framework and the Board Governance Assurance Framework. The Trust Board is asked to APPROVE : (i) that further work on the Board Governance Assurance Framework action plan ceases and that it is no longer monitored through Audit Committee (ii) that further work on the Quality Governance Framework action plan ceases and that it is no longer monitored through Quality & Safety Committee (iii) that a Board <i>well-led self-assessment</i> is conducted by the Director of Corporate Governance and presented for discussion and action at a Board Development Session during 2015/16

SHREWSBURY & TELFORD HOSPITAL NHS TRUST
TRUST BOARD – 30 APRIL 2015
Governance – Well-led framework

1. Introduction

- 1.1 NHS Trust Development Authority (TDA), alongside Monitor and CQC, has newly issued the **Well-led framework** (published 15 April, 2015) for NHS providers:

https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/422057/Well-led_framework_April_2015.pdf

This guidance provides a consistent view as to what constitutes a well-led organisation in terms of its leadership, management and governance. The well-led framework builds on, and will replace, the existing tools of the Board Governance Assurance Framework (BGAF) and the Quality Governance Framework (QGF). It will support organisations to gain assurance that they are well led and represents a 'core' reference for structure reviews of governance. This will be through self-assessment and external review.

- 1.2 This document links to Monitor's *Risk Assessment Framework*:

https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/421204/RAF_update_revmar15.pdf

This is guidance for NHS Foundation Trusts (FTs) in complying with their continuity of service and governance licence conditions (SaTH signs off the Licence conditions each month at Trust Board as part of the Integrated Performance Report). Under the Risk Assessment Framework, Monitor will expect FTs to carry out an external review of their governance every three years.

- 1.3 The TDA have also published the *2015/16 Accountability Framework for NHS Trust Boards*:

http://www.ntda.nhs.uk/wp-content/uploads/2015/04/TDA_framework_final.pdf

This guidance defines all of the key policies and processes which govern the relationship between NHS Trusts and the TDA, sitting alongside other key documents, such as the annual planning guidance and NHS Five Year Forward View. This annual framework covers the TDA's oversight & escalation mechanisms and the development and support available for NHS Trusts. It also sets out the pathway for FT authorisation, the gateways for an organisation undertaking any kind of transaction and the process for assessing capital investment. This year's refresh expands upon the development offer for NHS Trusts, including professional skills development, an intensive and long-term transformation programme; both are intended to build resilience and skills with senior leaders in the NHS Trust sector to deal with the challenges they are likely to face in the year ahead. The core aim remains the delivery of high quality care to patients, consistently and sustainably. The key areas of focus are:

1.3.1 Oversight & Escalation

- Measurement of progress on quality, finance and sustainability
- Escalation and intervention
- Human Resources and Information Governance

1.3.2 Development and Support

- Professional leadership development programmes
- Workforce assurance
- Themed improvement support programmes
- Intensive long-term support

1.3.3 Approvals Model

- Changes to FT assessment process
- Sustainable solutions/transactions approval process
- Sustainable capital investment

1.3.4 FT Pipeline assurance process

- Diagnosis and preparation, Development and applications, approval and referral to Monitor

- 1.4 Monitor has also published guidance that explains in detail the way in which Foundation Trusts will be expected to use the *well-led framework* which will bear more relevance to Trusts at an advanced stage of the FT approvals process:

https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/422060/WLF_for_NHS_trusts_apr2015.pdf

2. Well-led framework: Key messages

- 2.1 The characteristics of a well-led organisation, as defined by CQC, Monitor and TDA, are now identical. There is a common understanding of what a good organisation looks like and consistency and transparency across regulatory activities. It will be used in assessments, development work, monitoring and inspections and how decisions are made about the action to take to improve the safety and quality of care for patients. This aligned view of a well-led organisation is reflected in CQC assessments and ratings, as set out in provider handbooks, while Monitor and TDA use the well-led framework as a reference point for both NHS Trusts and FTs. It replaces the Quality Governance Framework (QGF) and the Board Governance Assurance Framework (BGAF) which are now effectively incorporated within the Framework
- 2.2 The well-led framework defines well led as “...the leadership, management and governance of an organisation ensure the delivery of sustainable high quality person-centred care, support learning and innovation and promote an open and fair culture”
- 2.3 The well-led framework is not just a tool for trusts to use in preparing for the foundation trust assessment process; it is a tool for all NHS trusts to use to develop and improve their capacity and capability.
- 2.4 Monitor will assess FT applications against the well-led framework. Applicants will need to provide one overall well-led self-certification which brings together the current quality governance statement and the organisational capacity self-certification, and there will be enhanced submission requirements around the development of the trust’s strategy. Monitor will begin to use the well-led framework as part of its assessment process during 2015, at which point they will publish an updated Guide for Applicants. For Monitor to start the FT assessment process, applicants must have been rated overall ‘Good’ or ‘Outstanding’ by CQC following inspection.
- 2.5 The TDA is currently piloting a new process for undertaking well-led reviews with a small number of NHS trusts. The current intention is that they will begin to carry out more of these reviews, reducing the need for trusts to commission them from independent firms.
- 2.6 Monitor will test applicant trusts under a quality governance module and a corporate (board) governance module. Monitor has divided the work in this way to maintain the focus on quality, and minimise the changes to the assessment process and therefore the burden on trusts. There will also be a move to a system of independent financial review to replace historic due diligence as part of the application process.

3. How the well-led framework will be used

- 3.1 Monitor and the TDA’s assessment of well-led focuses primarily at Board and Committee level covering four domains. Each of the four domains has questions that trusts should ask themselves; each question has model outcomes, aligned to CQC’s Well-Led domain, containing the characteristics that would be expected to demonstrate this was in place and which will be tested as part of any governance review. The domains and question sets are designed to help the Board assess their governance practices and to help any independent reviewer to assess whether the processes in place to manage the Trust are fit for purpose. Attachment 1 shows how the well-led framework for governance reviews fits together and the main areas for review.

3.1.1 *Strategy and Planning – how well is the Board setting direction for the organisation*

- Does the Board have a credible strategy to provide high quality, sustainable services to patients and is there a robust plan to deliver?
- Is the Board sufficiently aware of potential risks to the quality, sustainability and delivery of current and future services?

3.1.2 *Capability and Culture – is the Board taking steps to ensure it has the appropriate experience and ability, now and into the future, and can it positively shape the culture to deliver care in a safe and sustainable way.*

- Does the Board have skills and capability to lead the organisation?
- Does the Board shape an open, transparent and quality-focused culture?
- Does the Board support continuous learning and development across the organisation?

3.1.3 *Process and Structures – do reporting and accountabilities support the effective oversight of the organisation*

- Are there clear roles and accountabilities in relation to Board governance (including quality governance)?
- Are there clearly defined, well-understood processes for escalating and resolving issues and managing performance?
- Does the Board actively engage patients, staff, governors and other key stakeholders on quality, operational and financial performance?

3.1.4 *Measurement – does the Board receive appropriate, robust and timely information and does this support the leadership of the Trust*

- Is appropriate information on organisational and operational performance being analysed and challenged?
- Is the Board assured of the robustness of information?

3.2 The CQC inspects against the characteristics of Well-Led through five key lines of enquiry (KLOE)

- Vision and Strategy
- Governance, Quality and Risk Management
- Leadership and Culture
- Engagement and Involvement
- Continuous Improvement and Sustainability

Each KLOE is underpinned by associated prompts as well as characteristics of 'well-led' for each of the ratings levels.

4. What this means for SaTH

4.1 The well-led framework is not just a tool for preparing for FT assessment; it is intended to be used as a tool to improve capacity and capability. Any leadership or governance reviews as part of our ongoing development will generally be expected to use the well-led framework, with the support of the TDA. The plan is to move towards the TDA undertaking more of these reviews to reduce the need for Trusts to commission independent firms. This process intends to generate a clearer understanding of NHS Trust development needs as well developing skills within the TDA for supporting improvement and development.

4.2 Under the Risk assessment Framework it is expected that governance reviews should take place every three years. It is likely that the TDA will adopt a similar approach. Any reviews should be carried out using this guidance with Boards tailoring reviews to cover any areas they may wish to specifically focus on, eg resulting from findings from internal/external audit findings or the annual governance statement.

4.3 The well-led framework suggests that to gain maximum benefits and assurance from reviews, independent reviewers should be used to ensure objectivity and that the reviewers should not have carried out audit or governance work for the trust in the previous three years. There is advice in the framework on selecting an independent reviewer, along with detail of the review process.

4.3.1 ***The first step is an initial review with a Board self-assessment*** of how their governance arrangements are working, based on evidence, to confirm they are carrying

out their role well and/or identify gaps in their performance. (Evidence could include findings from internal and external audit reviews and the annual governance statement).

Boards should rate themselves against the 10 questions in the four domains of the well-led framework.

The framework includes a self-assessment questionnaire and sets the starting point for a governance review. At this stage it is not suggested that an external review is commissioned. A nominated trust lead or team may co-ordinate the self-assessment and other aspects of the review, but the self-assessment should be completed and signed off by the full Board. In practice, this could mean that the Board Secretary/Director of Corporate Governance and Assurance team gather the information and evidence against each question and present their findings and initial conclusions to a Board Development Session for discussion and challenge before signing off the assessment and agreeing any actions required. It is suggested that a four-stage risk rating approach is used:

- **GREEN** – meets or exceeds expectations
- **AMBER-GREEN** – partially meets expectations but confident in management's capacity to deliver green performance within a reasonable timeframe
- **AMBER-RED** – partially meets expectations, but with some concerns on capacity to deliver within a reasonable timeframe
- **RED** – does not meet expectations

4.3.2 ***The second step will be to commission an independent review*** from a variety of sources including relevant documentation, stakeholder and board questionnaires, focus groups and interviews to gain insight into how the Board is working and how it is perceived throughout the trust (this approach compares to current requirements in the Board Governance Assurance Framework which it replaces). This would normally be done within at least 2 years of the expected date of FT authorisation. Any Board self-assessment would be considered by the independent reviewer for comments and further discussion/scrutiny.

5. Recommendation

The Trust Board is asked to **NOTE** the well-led framework requirements and its replacement of the Quality Governance Framework and the Board Governance Assurance Framework.

The Trust Board is asked to **APPROVE**:

- (i) that further work on the Board Governance Assurance Framework action plan ceases and that it is no longer monitored through Audit Committee
- (ii) that further work on the Quality Governance Framework action plan ceases and that it is no longer monitored through Quality & Safety Committee
- (iii) that a Board Well-led self-assessment is conducted by the Director of Corporate Governance and presented for discussion and action at a Board Development Session during 2015/16.

Attachment 1: How the well-led framework for governance reviews fits together and the main areas for review

Key:

Board's role =

Governance domains =

Key questions =

