

Cover page	
Meeting	Board of Directors
Paper Title	Oversight and Delivery of the Operational Objectives and priorities
Date of meeting	28 May 2020
Date paper was written	24 May 2020
Responsible Director	Chief Executive
Author	Louise Barnett
Executive Summary	
<p>This paper provides an overview of the mechanisms in place to ensure effective oversight of the delivery of the Operational objectives and priorities.</p> <p>It is recommended that the Trust Board notes the content of this paper and supports the proposed approach to oversight of delivery and assurance.</p>	
Previously considered by	N/A

The Board (Committee) is asked to:			
<input type="checkbox"/> Approve	<input type="checkbox"/> Receive	<input type="checkbox"/> <input checked="" type="checkbox"/> Note	<input type="checkbox"/> Take Assurance
To formally receive and discuss a report and approve its recommendations or a particular course of action	To discuss, in depth, noting the implications for the Board or Trust without formally approving it	For the intelligence of the Board without in-depth discussion required	To assure the Board that effective systems of control are in place

Link to CQC domain:

<input type="checkbox"/> Safe	<input type="checkbox"/> Effective	<input type="checkbox"/> Caring	<input type="checkbox"/> Responsive	<input checked="" type="checkbox"/> Well-led
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Link to strategic objective(s)	<input type="checkbox"/> PATIENT AND FAMILY Listening to and working with our patients and families to improve healthcare <input type="checkbox"/> HEALTHIEST HALF MILLION Working with our partners to promote 'Healthy Choices' for all our communities <input checked="" type="checkbox"/> LEADERSHIP Innovative and Inspiration Leadership to deliver our ambitions <input type="checkbox"/> OUR PEOPLE Creating a great place to work
Link to Board Assurance Framework risk(s)	BAF risks as linked to delivery of the operational plan.

Equality Impact Assessment	<input checked="" type="radio"/> Stage 1 only (no negative impact identified) <input type="radio"/> Stage 2 recommended (negative impact identified and equality impact assessment attached for Board approval)
Freedom of Information Act (2000) status	<input checked="" type="radio"/> This document is for full publication <input type="radio"/> This document includes FOIA exempt information <input type="radio"/> This whole document is exempt under the FOIA
Financial assessment	No financial impact

1.0 Introduction

- 1.1 This paper provides an overview of the mechanisms in place to ensure effective oversight of the delivery of the operational objectives and priorities.
- 1.2 The Chief Executive and executive directors agreed to make further improvements to internal controls through the Trust's Performance Management Framework (PMF). The outputs of the review undertaken by the Chief Executive have been incorporated into this paper.
- 1.3 The Performance Management Framework document has been revised to reflect these and takes into account feedback from the recent CQC inspections.

2.0 The Role of the Board of Directors

- 2.1 The unitary Board is in place to ensure the effective oversight and delivery of the operational objectives and priorities. The unitary board will be supported in carrying out its role through a board development programme for 2020/21.
- 2.2 All Board directors will agree the key operational objectives and priorities and will be accountable both individually and collectively as the Board of Directors for:
 - Holding executive directors to account for the performance of the Trust through seeking assurance that systems of control are robust and reliable;
 - Setting, and leading, a positive culture in the organisation; and
 - Being accountable to stakeholders, for outcomes delivered.
- 2.3 The Board assurance committees play a key role in obtaining evidence to help the Board gain assurance that the Trust's strategic and operational objectives are being delivered. Each Committee has a Non-Executive Director Chair and Lead Director who will work together, on behalf of the Board of Directors, with guidance from the Company Secretary, to agree the detailed work programme for the committee, obtain evidence to support assurance on the key aspects of operational plan delivery, in accordance with the Terms of Reference approved by the Board, with attention to ensuring effective management of risk through the Board Assurance Framework (BAF) and wider risk management framework.
- 2.4 In recognition of the current trust priorities, particularly regarding maternity, urgent and emergency care, recruitment and retention, and Covid19, the Board has introduced four time-limited Board Assurance Committee, to provide additional assurance to the board on these focus areas.
- 2.5 The Audit Committee will continue to focus on seeking assurance that financial reporting is accurate, that internal controls are robust, and maintaining strong relationships with Internal and External Auditors and Counter Fraud. The draft audit plan for 19/20 has been produced and will be approved by the Board of Directors.

3.0 Role of the Non-Executive Directors

- 3.1 A key part of the assurance framework is the role undertaken by the Non-Executive Directors, who are responsible for scrutinising the performance of management, seeking evidence in relation to the achievement of the objectives of the organisation, satisfying themselves as to the integrity of performance information and that internal controls and systems of risk management are robust.
- 3.2 One of the most critical and important dimensions of the role of Non-Executive Directors on board assurance committees, is to ensure objectivity and perspective and to share their experience in supporting the executive directors to oversee the delivery of strategic and operational objectives. Impartiality is a vital aspect of effective assurance, generating valued insights, and providing challenge and support for Executive colleagues, to improve Trust performance for the benefit of patients.

4.0 The Role of the Chief Executive

- 4.1 Reporting to the Chairman and to the Board directly, the Chief Executive is responsible for leading the executive directors and the organisation to deliver the strategic and operational objectives. All members of the management structure report either directly or indirectly to the Chief Executive.
- 4.2 The Chief Executive is also the Accounting Officer of the organisation.
- 4.3 The Chief Executive has undertaken a review of the portfolios of the executive directors to ensure complete clarity of roles, responsibilities and accountability. Some changes have been made, in discussion with director colleagues, which will be shared with the Nomination Committee as appropriate. Further discussions are underway with directors regarding portfolios with a view to optimising the allocation of responsibilities to support the delivery of Trust priorities.

5.0 The Role of the Executive Directors

- 5.1 The executive directors are accountable for ensuring the delivery of operational objectives and priorities. Furthermore, the executive directors are collectively responsible for all aspects of plan delivery and individual executive directors are responsible for ensuring that the elements of the plan which they are leading, are achieved to the required outcome and timescale.
- 5.2 Each executive director is responsible for identifying and escalating risks to the executive team (and the CEO) that might impact the delivery of planned objectives and for ensuring mitigating action is taken as required.
- 5.3 All individual executive directors are responsible for championing and supporting the delivery of The Trust's operational objectives and priorities and a culture of continuous improvement and learning throughout the Trust. Each executive director is responsible and collectively accountable for the delivery of

the operational objectives, including the quality improvement plan, workforce plan, financial plan, and supporting plans (for example including digital and estates plans). Whilst the Medical Director and Chief Nurse have key clinical leadership roles, all directors are responsible for actively supporting the delivery of the quality improvement plan, championing and supporting a culture of continuous quality improvement and ensuring effective leadership, communication and engagement of colleagues and stakeholders.

- 5.4 In terms of financial objectives, the executive team are individually responsible and collectively accountable for the delivery of the financial targets and individual directors and budget holders, are responsible for ensuring that they operate within their own budgets and comply with the SFIs. In addition, under the leadership of the finance director, all executive directors are responsible for providing evidence to the Board to support assurance of delivery of the financial plan.
- 5.5 Whilst the Chief Operating Officer has primary responsibility for ensuring that services are delivered in line with expected standards, all executive directors are collectively responsible for supporting the delivery of high quality services to patients through the care groups.
- 5.6 The Chief Executive has further strengthened the Trust's internal controls through improvements to the Performance Management Framework which describes the responsibilities for delivery of Operational Plan objectives through a combination of line management structures and accountable committees. The draft performance management framework document which supports this is set out at Appendix 1.
- 5.7 Monthly performance meetings are an integral part of the Performance Management Framework and will be chaired by the CEO initially, focused on effective review of the care group and corporate actions that underpin the overall delivery of the operational objectives and priorities. Increasingly, these meetings will focus less on historical performance and more on the key risks to delivery of forecast performance and the adequacy of mitigation plans in place.
- 5.8 The executive directors have responsibility for holding the care groups and corporate colleagues to account. Whilst the Chief Operating Officer is personally responsible for the management of the care groups to ensure effective day to day delivery of the operational objectives and priorities, executive directors are required to support delivery through their functional and executive roles.
- 5.9 The SaTH Leadership Committee (which will be established during quarter 1), will play a key role in ensuring that senior care group leaders are engaged and clear about the direction, priorities and targets and are fully committed to delivery. Following consultation with care group leaders, the SaTH Leadership Committee will also focus on the transformational priorities, ensuring a shared understanding, engagement and focus on delivery of the Trust's strategy and transformation plans, with particular attention to the health and care system based, digital and estates elements.

6.0 Performance Reporting

- 6.1 The organisation is in the process of establishing an effective and robust Integrated Performance Report (IPR). The IPR will provide a relative view of the Trust's performance against a variety of local and national targets and benchmarks.
- 6.2 Care Group performance dashboards will be improved to ensure a clear line of sight on performance against the key quality, operational, workforce, finance and transformational priorities. The introduction and embedding of Service Line Management will support more effective arrangements at specialty level.
- 6.3 A performance function will be established to support this approach, and give stronger focus on timeliness and quality of information, forecasting ability and the provision of information to care groups and corporate teams to support the management of risks to performance.

7.0 Quality Performance Assurance

- 7.1 The Trust is currently in special measures. The latest CQC Inspection Reports were published in April 2020, which rated the Trust as 'inadequate'.
- 7.2 The quality improvement plan (including maternity) outlines the actions required to address the issues that have been highlighted in recent reviews. The delivery of this plan is a critical priority for the Trust.
- 7.3 Operational focus on the delivery of the quality improvement plan and maternity elements has been strengthened. The executive director led operational committee – Quality Operational Committee – has been reviewed to increase effectiveness and a time-limited maternity operational group established chaired by an executive director to increase oversight and support delivery.
- 7.4 The Quality and Safety Assurance Committee has the responsibility to monitor progress against the quality improvement plan during the year. Evidence will be provided by executive directors, regarding the progress against actions and the extent to which these have been embedded. A maternity assurance committee has been established on a time limited basis to support the board in gaining assurance regarding progress in relation to maternity improvement. Whilst reporting directly to the board, there is an interface with the quality and safety assurance committee to ensure a joined up and integrated approach to improvement.
- 7.5 Similarly, an operational committee, chaired by an executive director has been established to strengthen oversight and delivery of actions to improve the safety and quality of care in urgent and emergency care.
- 7.6 A corresponding time limited board assurance committee has been established focusing on delivery of improvement objectives.

8.0 Financial Performance Assurance

- 8.1 The Trust failed to achieve its financial plan in 2019/20. Whilst a number of activities have started, aimed at improving the position, significant work is still required to establish a solid basis for planning and forecasting, and to develop effective plans to improve the underlying financial sustainability of the Trust.
- 8.2 A review of financial governance has begun, including a review of the standing financial instructions, which is presented to the board this month, however further work is required to cascade targets to budget holders and to reinforce grip and control processes to support delivery.
- 8.3 The Finance and Performance Assurance Committee monitors progress against the financial objectives during the year and provides the Board with assurance regarding whether actions have been delivered and embedded.

9.0 Leadership and Management Development Programmes

- 9.1 Programmes will be developed and implemented during 2020/21 to support care group and corporate leaders in their roles and improve staff engagement in the strategic and operational objectives, to achieve better performance delivery.

10.0 Annual Planning Cycle

- 10.1 An annual planning cycle is being introduced. This will include the annual review of the Trust's strategy and long term plans which will be used to inform the development of the annual operational plan and budget.
- 10.2 An improved planning process will help to enhance relationships with key stakeholders and increase their understanding of the issues being faced by the Trust, to support a shared approach to strategic and operational planning across the health and care system.
- 10.3 A five year plan will be produced in 2020, to support the development of the Trust's longer term strategic objectives.

11.0 Conclusion

- 11.1 This paper sets out the framework to be put in place by the Chief Executive and executive Team to ensure effective oversight and delivery of the operational objectives and priorities, demonstrating clear accountabilities and corporate responsibility for the delivery of the plan (see draft Performance Management Framework, Appendix 1).
- 11.2 The Trust remains in special measures. The quality improvement plan (including maternity) outlines the actions required to address the quality and safety issues that have been highlighted in recent reviews. The delivery of this

plan is a critical priority for the Trust and will be monitored through the Quality and Safety Assurance Committee.

- 11.3 As this framework is embedded, these strengthened performance management arrangements, combined with the implementation of leadership and management development programmes, should result in improved delivery and assurance relating to agreed operational objectives and priorities.

Louise Barnett
Chief Executive
May 2020

Performance Management Framework

The Shrewsbury and Telford Hospital NHS Trust

May 2020

1. Introduction

- 1.1. The Trust's Performance Management Framework (PMF), Board Assurance Framework (BAF) and other wider governance arrangements when combined, provide the governance and performance assurance required in relation to the full and comprehensive implementation of strategic and operational plans, including the delivery of quality and financial improvement programmes.
- 1.2. The Performance Management Framework (PMF) aims to foster a culture of responsibility and accountability at all levels in the Trust and helps teams and staff to understand the roles they play in successful delivery of the Trust's objectives. The PMF specifies the structure, systems and processes used to embed a performance management culture in the Trust and identifies the responsibilities for performance management.

2. Objectives of the PMF

- 2.1. The PMF sets out the systems and processes through which the organisation manages the delivery of its strategic and operational goals, as well as ensuring that the regulatory and statutory requirements that apply to the Trust are met (including those outlined in the NHS Constitution) and should be read in conjunction with the Trust's
 - Reservations of Powers
 - Standing Orders
 - Standing Financial Instructions
- 2.2. The PMF drives the implementation of best practice performance assurance processes throughout the organisation by ensuring that:
 - Accountability arrangements are in place across the organisation to drive the delivery of all agreed objectives, targets and standards. Performance is seen as a continuous process which is embedded in all aspects of organisational activity.
 - Agreed performance objectives and targets are Specific, Measurable, Agreed, Realistic and Time bound (SMART) and transparent measurements are set to monitor performance.
 - Timely information is available to enable appropriate understanding, monitoring and assessing of the Trust's quality and performance, prompting appropriate action to be taken if performance is forecast to fall below set objectives and targets.
 - Staff, teams and Committees understand what is expected of them and are supported and motivated to deliver, with a clear line of sight between their contributions and the overall success of the Trust.
 - Mitigation plans are developed as soon as risks to the achievement of required targets or standards and/or barriers to effective performance are identified.

3. Key management principles

3.1. The following key management principles underpin this framework:

- **Continuous improvement**
All teams and staff members are encouraged to embrace a culture of continuous performance improvement and to speak up with suggestions and concerns.
- **Openness and transparency**
The measures and evidence used to assess performance will be clearly set out. Teams and individuals will understand how performance is being assessed and what to expect if performance falls below acceptable levels.
- **Clear accountabilities**
Performance management arrangements will ensure that all parties are clear of where accountabilities lie.
- **Delivery focused**
Focussed on delivering improved performance through an integrated and action-oriented approach.
- **Proactive risk management**
Performance management interventions and actions should be proportionate to the scale of the performance risk and maintain an appropriate balance between challenge and support.
- **Recognition**
Where objectives are delivered and/or performance exceeded the Trust actively seeks to recognise and reward that good performance.

4. Link to Senior Leadership Roles and Responsibilities

4.1. Board of Directors

- The Board is required to ensure that the Trust remains at all times compliant with the relevant conditions of its NHS Provider License and has regard to the NHS Constitution.
- The Performance Management Framework works in conjunction with the Board Assurance Framework to provide the Board of Directors with the assurance required in relation to the full and comprehensive implementation of strategic and operational plans.

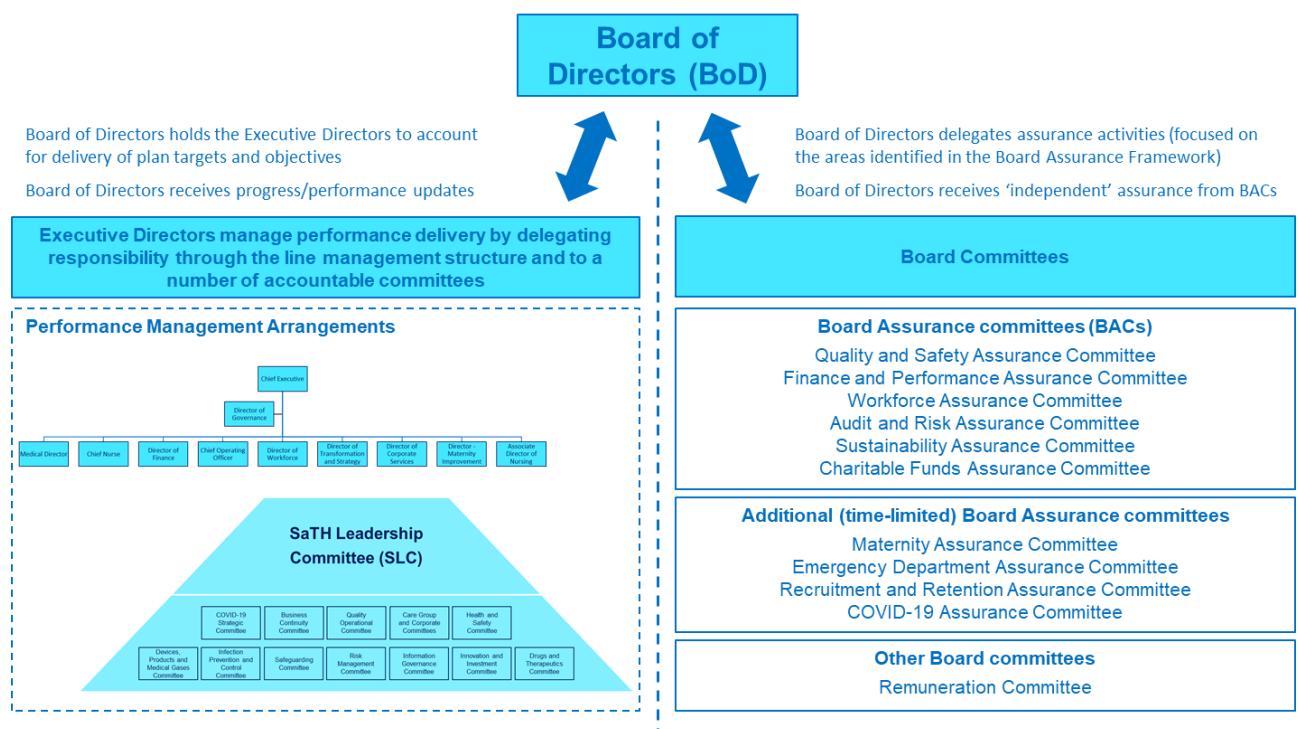
4.2. Chief Executive

- The Board delegates responsibility for delivery of the objectives, targets and standards outlined in the Trust's Strategy, Business Plan and Operational Plan to the Chief Executive. The Chief Executive, supported by the Executive Directors and other Directors, ensures that the associated activities are carried out efficiently, effectively and economically and in a manner appropriate for the proper conduct of public affairs.

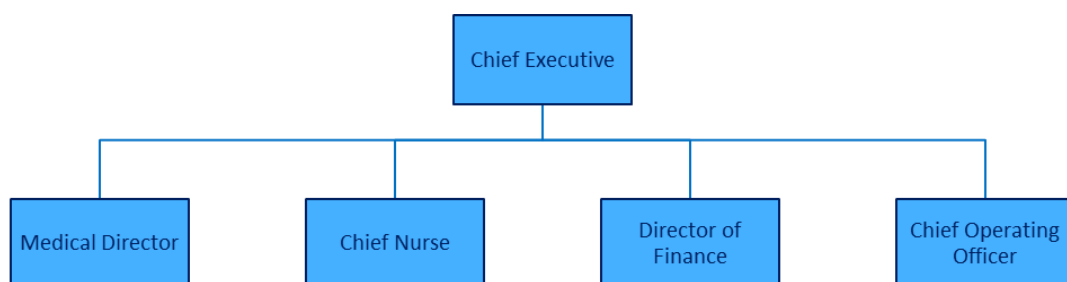
- This Performance Management Framework describes the governance arrangements through which the Chief Executive delegates and manages the delivery of those responsibilities.

5. Performance Management roles and responsibilities

5.1. The Trust's Performance Management Framework describes how the Chief Executive delegates accountability for the delivery of strategic and operational plans, targets and objectives (the left-hand side of the diagram below). There are two main ways in which those accountabilities are delegated – through line management structures and through a small number of accountable committees (including Care Group committees).



5.2. The primary way in which responsibilities are delegated is through the Trust's line management structure to individual Executive Directors (see chart below), and then through to relevant members of their teams.



- 5.3. The Executive Directors shown in the chart above have individual responsibility for delivering the objectives that relate directly to their role, and for supporting their colleagues to deliver their objectives. Also, they are collectively responsible for delivering the Operational Plan objectives as a team.
- 5.4. In a number of specific cases where objectives span across multiple executive directors, an accountable committee (chaired by an Executive Director/Director) may also be established with the delegated responsibility for delivery e.g. Health and Safety Committee (see diagram below).



6. Line management responsibilities

- 6.1. Responsibility for the majority of the Trust's performance objectives and targets is cascaded through to relevant line managers on an annual basis (or more frequently if required).
- 6.2. Line managers are responsible for delivery of their agreed targets in accordance with the key principles and approach outlined in this framework. Line management responsibilities include ensuring that:
- Teams and staff members have a clear understanding of their role, responsibilities and performance targets (with individual targets agreed and documented through the Personal Development Review (PDR) and appraisal process)
 - Teams and staff members work in an environment that embraces feedback and learning and staff members are encouraged to speak up about issues and concerns
 - Performance delivery is actively and proactively managed
 - Performance issues and risks are captured, managed and escalated where appropriate
 - Excellent performance is recognised and rewarded

7. Accountable Committee responsibilities

- 7.1. A number of Accountable Committees (see chart in section 5.4 above) support the Board and Executive Team in effectively discharging their obligations by taking responsibility for the delivery of agreed objectives and targets.
- 7.2. The SaTH Leadership Committee (which will be introduced in quarter 1 2020/21) will have collective responsibility for the delivery of all agreed strategic and operational plans, targets and objectives.
- 7.3. Care Group and Corporate Committees are responsible for the delivery of relevant care group and/or functional objectives and targets within their areas of accountability.
- 7.4. Various other committees also play an important role in taking responsibility for the delivery of specific objectives and targets and in securing wider organisational buy-in to plans and developments.
- 7.5. A review of accountable committees and other groups is currently underway, with the aim of:
 - Clarifying scope and alignment of scope to support plan objectives
 - Improving effectiveness and efficiency
 - Ensuring right people attend and right governance structures are in place

8. Performance targets, objectives and KPIs

- 8.1. The Trust's strategic and operational plans are updated on an annual basis (or more frequently if required) in accordance with the Trust's planning cycle.
- 8.2. The Trust's performance targets, objectives and Key Performance Indicators are also updated on an annual basis (linked to the content of strategic and operational plans) and may be further updated during the financial year if needed.
- 8.3. Agreed performance targets, objectives and KPIs are cascaded to relevant line managers or to accountable Committees.
- 8.4. Effective performance management mechanisms are key to an organisation being 'well led' and are essential to the delivery of strong and consistent performance.

9. Performance monitoring and escalation

- 9.1. The performance function monitors and assesses all aspects of the delivery of strategic and operational plan targets. The performance function has the following key responsibilities:
 - Providing assurance that all statutory, regulatory, quality, operational, workforce, financial and project targets, objectives and KPIs are fully understood and have been assigned to an appropriate business owner or accountable committee

- Sourcing high quality, accurate information in a timely fashion to measure performance against each objective and target (single version of the truth), proactively supporting projections to the end of the plan year
 - Driving standardisation, consistency and alignment of performance dashboards and reports at all levels (including Trust Board) – using ‘exception-based’ reporting wherever possible
 - Maintaining standard templates and processes for project briefs, business cases, project management etc.
 - Constructively challenging performance delivery against agreed targets, confirming escalation criteria and recommending action(s) where appropriate
 - Reviewing performance against comparative benchmarks to recognise areas of good performance and identify areas where further improvement is needed
- 9.2. All Accountable Committees (supported by the performance function) are required to formally review progress against performance objectives and targets at least once a month (more frequently if required) and confirm that those targets are still expected to be delivered.
- 9.3. If an Accountable Committee forecasts that it is unlikely to be able to deliver the agreed objectives and/or targets at any point, then the associated issue(s) and/or risk(s) should be formally escalated to the next layer of the Trust’s accountability matrix (N.B. escalation of an issue does not transfer the responsibility for delivery).
- 9.4. If a Committee’s or individual’s performance regularly falls below the required levels, more formal escalation processes may be instigated (e.g. Performance Improvement Plans).
- 9.5. The Executive Directors will meet monthly with the leadership team of each Care Group committee to review performance and progress. The focus and content of those meetings will vary depending on the quality of information available and the level of assurance provided by the Care Group leadership team (see table below).
- 9.6. An overall leadership and governance rating will be based on an assessment of progress in terms of a number of well-led elements, which will include leadership capacity and capability, culture and staff engagement, robust governance and management arrangements and strong risk management processes.
- 9.7. An overall performance rating will be based on an assessment of delivery progress towards full year objectives and targets, in each of the following functional domains: quality (Q), operational (O), workforce (W), finance (F), and transformational initiatives (T).

9.8. The performance management approach for each Care Group will be determined by the lower of the two overall ratings (see table below).

Care Group leadership and governance	Overall Rating	Overall performance assurance					Overall Rating	Performance management approach
		Q	O	W	F	T		
Good	Green	No material performance concerns					Green	Monthly meeting less focused on Care Group committee's current/forecast performance; more focused on strategic development areas
Reasonable	Amber	Actual and/or forecast risks that may materially impact plan delivery					Amber	Monthly meeting more focused on Care Group committee's current/forecast performance; less focused on strategic development areas
Below required level	Red	Expected non-delivery of material plan objectives / targets					Red	Monthly (and weekly if needed) meeting focused on Care Group committee mitigation plans to get current/forecast performance back on track

10. **Recognition and Reward**

10.1. Where objectives are delivered and/or performance is exceeded the Trust actively seeks to recognise and reward that good performance.

10.2. The successes of Care Group committees and other functions in delivering key elements of the Trust's Operational Plan and in improving their assurance ratings (see 9.5 above), will be routinely reported and celebrated as part of monthly communication processes.

10.3. There are a wide variety of routes through which performance is currently recognised and rewarded, including

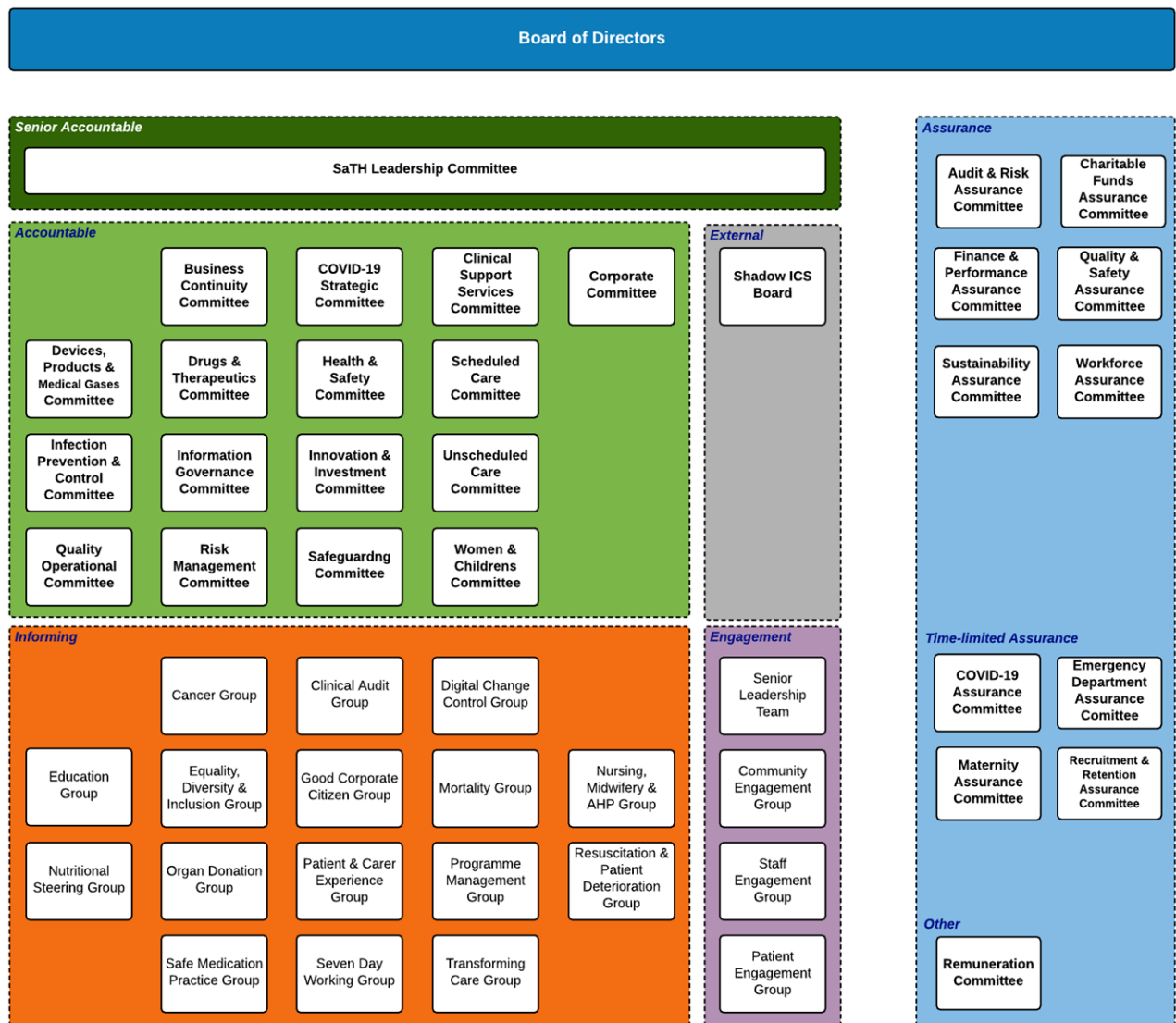
- Staff and team communication
- VIP awards
- Recognition of learning
- Long Service awards
- Volunteer celebration
- Bright ideas / innovation hubs

11. **Board Assurance Committees**

11.1. Board Assurance Committees (BACs) provide an additional layer of independent assurance over and above organisational assurance processes, helping the Board to ascertain whether the PMF is operating effectively.

- 11.2. BACs provide an additional mechanism for Non-executive directors to hold Executive Directors to account by testing the level of assurance available to support reported progress towards delivery of operational plan objectives.
- 11.3. BACs will routinely review performance reports but may also, from time to time and as necessary, undertake more in-depth assessments of aspects of performance delivery (where significant, this may involve establishing additional time-limited committees or groups).
- 11.4. The effectiveness of the BACs will be reviewed annually or more frequently if required.

Revised committee and group structure



The PMF focuses primarily on the role of accountable committees, but a number of other groups exist that play a role in supporting the delivery of organisational objectives. A review of accountable committees and other groups (classified as informing and engagement groups in the chart above) is planned to be undertaken shortly, with the aim of:

- Clarifying scope and alignment of scope to support plan objectives
- Improving effectiveness and efficiency
- Ensuring right people attend and right governance structures are in place

Lead Director for Board Assurance Committees

The current director lead for each board assurance committee is shown below:

Board Assurance Committee	Lead Director
Quality and Safety Assurance Committee	Medical Director
Workforce Assurance Committee	Director of Workforce
Finance and Performance Assurance Committee	Director of Finance
Sustainability Assurance Committee	Director of Strategy and Transformation
Charitable Funds Assurance Committee	Director of Finance
Audit and Risk Assurance Committee	Director of Finance
COVID-19 Assurance Committee	Chief Executive
Emergency Department Assurance Committee	Chief Operating Officer
Maternity Assurance Committee	Chief Nurse
Recruitment and Retention Assurance Committee	Director of Workforce