

EFFECTIVENESS REVIEW 2008

FINAL REPORT

1. Introduction

For this year, the Board's Effectiveness Review has concentrated on the training and induction of NEDs and Governors. As in previous years, the review was carried out by a group comprising Governors and NEDs, under the Chairmanship of the Vice Chair, reporting through the Governance and Nominations Committee. The terms of reference and membership of the group are at Annex A.

As we thought it important to have some new arrangements in place for the induction of the new Governors recruited in September 2008, we produced an interim report in July with recommendations. This is at Annex B.

2. Background

Our initial work convinced us that our main priority should be to concentrate on training and induction for Governors. This is for two main reasons. First, there is a lot of training available nationally and regionally for NEDs. It did not seem profitable for us to attempt to duplicate or second guess this work. Secondly, NEDs are usually recruited with particular skill requirements in mind. A fair amount of the training for a new NED will be fairly specific to the individual and the role that he or she has been recruited to undertake on the Board.

The discussion in this report does not repeat what was in our interim report. It concentrates on three issues outstanding from that report:

- The need for a series of training modules, aimed primarily at governors, but which could also be useful to new and existing NEDs;
- The updating of the existing Governor's Handbook;
- Training of new Executive members of the Board in Board-level skills.

These are considered in turn.

3. Training Modules

As discussed in the interim report, we think the commissioning of a series of half-day training modules will help governors and NEDs to identify what training best suits their needs. We have identified the following six topics as ones where such a training module would be useful:

- **Finance:** to include three elements: commissioning (where the funding comes from), budgeting (the control of expenditure) and stewardship (financial controls);
- **Governance:** to include Board structure and processes, governors relationship with the Board, and information governance;

- **“Hot topics”**: this module would contain up to the minute briefing on currently controversial topics – eg healthcare acquired infections, mixed sex wards;
- **Developments in health care**;
- **Workforce and HR matters**;
- **Trust strategy**: this would include the Trust’s Mission, Vision and Values.

We believe it would be appropriate for the Trust to prepare appropriate training modules covering these – and possibly other - topics. There should then be a programme over a two year period of such training – publicised well in advance - so that new governors, as well as existing governors and NEDs, could select those that they wished to attend.

4. Governor’s handbook

The Governor’s Handbook has been updated. We believe this now provides an up to date and useful document for new and existing governors; indeed, initial feedback from governors and the NED trialling the handbook highlighted the book’s usefulness and noted the quality of its presentation and the relevance of its content. As well as being available to governors in hardback form, we believe it would be useful if the document could be made available on the web. This would make sure that governors – and others – would have ready access to a completely up-to-date version.

5. Induction for new NEDs

As indicated above, NEDs will often have been recruited because they possess particular skills. Some may have a financial background, others a legal or marketing one. Most are likely to be familiar with operating at Board level. It is the very range of experience of NEDs that is intended to add strength to the Board. This means that the training for an individual NED will be fairly specific to that individual. Obviously, for each new NED there should be an initial meeting with the Assistant Trust Secretary to discuss induction training and familiarisation visits, and a one-to-one meeting with the Chair, at which training and development needs will also be discussed. Part of the familiarisation should also include one-to-one meetings with all the Executive Board members. We are confident that this already happens. In addition, as NEDs are subject to annual appraisal, this will provide a useful opportunity for the Chair and the NED to review and identify training and development needs.

But once the induction process is complete, we do not really see any difference in the training needs for Executives and NEDs. Either an NED or an Executive might identify the need for specific personal training. The Board itself should also identify areas where the whole Board needs development. This will require board development sessions, but these should involve both NEDs and Executive directors.

The SHA has identified a list of what it regards as NED training needs (see Annex C). We have reviewed this document. We were dispirited. It has all the disadvantages of something produced by an unwieldy committee – consisting, it would appear, of no more than a lengthy list made up of the personal prejudices and hobby horses of everyone who contributed. We see little merit in Chairs and individual NEDS relying on this list to identify worthwhile training needs.

6. Training in Board skills for new Executives

The Chair and Chief Executive have produced a short paper describing the proposals for helping individuals to make the transition from a senior post to that of an Executive Director. This is at Annex D.

We agree with the proposals, and have included them in our recommendations below. But we do have some comments. We believe that it is important that the process is transparent, not with respect to the content of the induction needs, but in respect of demonstrating that the process has been carried out. To this end, we believe that there should be a formal sign off by both parties. We also believe that it would be a useful aid to transparency if reference to the induction arrangements was made in the recruitment documentation or advertisements for these posts. Secondly, we firmly believe that there is benefit to an organisation if some of the Executive Directors increase their experience of performing at Board level by taking on non-executive or other roles with other organisations. For example, the Director of Clinical Strategy is already a Board member of the Gloucester Heritage Urban Regeneration Company, and the Chief Executive is a member of the Department of Health's National Advisory Committee on Clinical Excellence Awards. In our view, there is scope for further cross-fertilisations of this kind.

7. Recommendations

There follows a comprehensive list of our recommendations, including those discussed in our interim report (with some updating if appropriate), and those put forward by the Chair and Chief Executive in Annex C.

- ***(1): the Trust should produce as a matter of urgency a brief introductory presentation on the Trust in time for it to be used as the first introductory presentation for new governors at the Council of Governors meeting on 15th September, after the elections this summer.***

This has already been implemented. We believe that the presentation produced is a good advertisement for the Trust – with a potential audience much wider than new governors. There were not enough new governors at the September meeting for it to be used, but we recommend that it should be presented to an early meeting of the Council of Governors – for the benefit of existing governors as well as new ones.

- ***(2): all new Governors should be interviewed, in the first instance by the Assistant Trust Secretary, as soon as possible after appointment to ascertain what training they need, and what Committees they might wish to serve on.***

This has been done for the new intake of governors in September, and will continue for new governors as they are elected or appointed. New governors had a number of questions which should be addressed by the new Handbook. There was considerable enthusiasm for the proposed training topics (see (3) below), and concern about how best to engage constituents (see (4) below).

- ***(3) a series of about 6 training modules should be prepared by the Trust, and a programme of half-day training events should be organised so that governors (and NEDs) can choose what training best suits their needs.***

As indicated above, the topics we believe should be covered as a basic minimum are finance, governance, “hot topics”, developments in healthcare, workforce and HR matters and trust strategy. These should form the basis of a well-publicised annual programme of training events for governors, new and existing, as well as NEDs and others who might wish to attend them.

- ***(4) at least annually the Council of Governors should discuss communicating with constituents and share experience so that new governors are able to benefit from the experience of longer-serving governors.***

Communicating with those they represent is a very important issue for governors – particularly public governors. They feel a duty to engage with their constituents, but are not sure how best to do this effectively. Since the establishment of the Foundation Trust, various methods – mainly constituency meetings, hospital open days and topic specific meetings – have been tried to achieve this, with varying degrees of success. We believe it is important that new governors have an opportunity to gain from the experience of longer serving governors. We recommend that there should be an annual discussion at a Council of Governors’ meeting on issues relating to communicating with constituents to provide such an opportunity.

- ***(5) the existing Governor’s Handbook needs urgent revision and updating.***

As indicated, this recommendation has already been implemented, and the new document should now be made available to all governors – initially in hard-back form, but also on the web.

- ***(6) a formal induction programme for the Executive Director role should developed for new Executive Directors. This programme should be managed by the Chair and the Chief Executive, with external support if appropriate. The programme should form part of the Personal Development Plan of the Executive Director in the first year of his/her tenure.***
- ***(7) the induction programme for new Executive directors should involve a formal sign off by both parties when it has been completed. The Trust should consider increasing transparency by referring to induction training in advertisements and literature relating to Executive Director posts.***
- ***(8) further consideration should be given to encouraging Executive Directors to seek wider involvement in other organisations as non-executives or in other roles.***

8. Benchmarking

Our terms of reference asked us to consider benchmarking with other Foundation Trusts, or possibly other organisations. We did make contact with a number of other Foundation Trusts in the course of our work. The idea of an introductory presentation is one for which we are grateful to the Calderdale and Huddersfield

NHS Foundation Trust. But we are not convinced that there is a real need for benchmarking as such. We do, however, see scope for sharing of best practice. That, in our view, is one of the advantages of making as much information about governor training and induction available on the web, so that it is readily available for other Trust and organisations to make use of as they see fit – and *vice versa*.

9. Conclusions

We believe that these recommendations will help improve induction training for new Governors and NEDs. We also believe that they will help more generally with the training of existing governors and senior staff. We note that “Improving” is central to the Trust’s values. These recommendations clearly relate to this important value.

John Henry
Mike Evans
Michael Orme
Andrew Collis
November 2008

GLOUCESTERSHIRE HOSPITALS NHS FOUNDATION TRUST

EFFECTIVENESS REVIEW 2008

Terms of Reference of Working Group

Policy	X
Review of Policy	✓
Review of Trust Area of Activity	✓
Operations	✓
Resource Management	X

The Effectiveness Review is advisory to the Council of Governors and is responsible for the following main functions:

1. To review the Trust's induction and development arrangements for Governors and NEDs with a view to making recommendations for their improvement and to increase take up.
2. To conduct a review of the Trust's existing arrangements and induction material.
3. To conduct a survey of existing Governors and NEDs to learn from their experience.
4. To consider benchmarking with other Foundation Trusts or, possibly, other organisations both within the public and private sectors.

Output

The report is to be presented by December 2008.

Membership & Responsibilities

Chair

Mr John Henry

Vice Chair and Senior Independent Director

Members

Professor Michael Orme

Governor

Mr Michael Evans

Non-Executive Director

Officer

Andrew Collis

Assistant Trust Secretary

Quorum

The Committee shall be quorate when the Chair and one member is present

Frequency of Meetings

As required

Reporting Line

Governance & Nominations

Committee

Council of Governors

Submission/Availability of Minutes

Minutes are held by the Assistant Trust Secretary

GLOUCESTERSHIRE HOSPITALS NHS FOUNDATION TRUST

EFFECTIVENESS REVIEW 2008

INTERIM REPORT

1. Introduction

The Board has resolved to have an annual review of some aspect of its performance or governance arrangements. For this year, the area selected was the training and induction of NEDs and Governors. As in previous years, the review was carried out by a group of Governors and NEDs, under the Chairmanship of the Vice Chair, reporting through the Governance and Nominations Committee. The terms of reference and membership of the group are at Annex A.

2. Background

Our membership has had some recent experience of the training and induction of NEDs and Governors: one of us has recently become a Governor, and has a background in training and education within the NHS; another of us is a recently appointed NED, and has also the experience of induction as an NED at a different NHS organisation. Our secretary is recently appointed to the NHS, and so is able to assess training material with the benefit of an outsider's perspective.

It is clear that the training and induction requirements for NEDs and Governors are different in important respects. NEDs are selected on the basis of their already demonstrated ability to contribute at Board level, but they may have little knowledge of the NHS. They can be expected to be well motivated to brief themselves for their new role, and, by virtue of their position, have access to anyone in the organisation who may be able to meet their training and induction needs. But they may have little spare time, and be impatient of material which is poorly presented and difficult to access. Governors will be of three kinds – public governors, staff governors and appointed governors. Some of them will have a great deal of knowledge of the NHS, but may have little or no experience of operating at a strategic level. Take up is also likely to be much more of an issue for the volunteer governor, so it is essential to make training for governors interesting and not too onerous. Although electronic packages are adaptable and can do this well, take up of an electronic package on equality and diversity by governors was not encouraging.

3. Interim recommendations

Although we were asked to report by December 2008, we decided that there was a deal of urgency in relation to at least part of our task. As there are elections for governors in summer 2008, we did not think it could wait until December for updated induction material that is appropriate and easy to use to be in place for newly elected governors. We consider it vital that the induction of these new Governors is well-suited to their needs, and gives a good impression of the organisation they are joining. This interim report makes proposals for the induction of this new intake of governors.

What we have done is to review the Trust's existing material, and to look at some material from other Trusts. As a result, we have identified areas which need to be taken forward as soon as possible, so that the Trust is ready to meet the training needs of the intake of new governors in September.

- ***(1): we recommend that the Trust should produce as a matter of urgency a brief introductory presentation on the Trust in time for it to be used as the first introductory presentation for new governors at the Council of Governors meeting on 15th September, after the elections this summer.***

This recommendation arises from our seeing an excellent introductory PowerPoint presentation prepared by Calderdale and Huddersfield NHS Foundation Trust setting out the history, functions of the Trust and its governance arrangements. This should provide the model for an equivalent for this Trust. It should be ready to be given as a short session, lasting perhaps 20 minutes, before the main business of the Council of Governors meeting, specifically for new Governors, but with existing governors welcome to attend if they wished.

- ***(2): we recommend that all new Governors should be interviewed, in the first instance by the Assistant Trust Secretary, as soon as possible after appointment to ascertain what training they need, and what Committees they might wish to serve on.***

We believe that it is vital that new governors should be interviewed early on to ascertain what training they need, and what they particularly want to contribute to the Council of Governors. As well as an initial interview with the Assistant Trust Secretary, it would be useful for those who express interest in particular committees to have a meeting with the Chair of that committee, and possibly the Chair of the Trust.

- ***(3) a series of training modules should be identified as a matter of urgency so that governors (and NEDs) can choose what training best suits their needs.***

It is no use identifying training needs unless a clear menu of options is available, so that governors would be able to opt for the most suitable among those available. Our view is that the Trust needs to identify and work up perhaps 6 half-day training modules of which governors would be expected to do 2 per year. The Assistant Trust Secretary needs to be able to go through this with new governors. The outcome of the initial meeting or meetings should be a personalised training/induction programme, identifying the modules being done. It is particularly important that initial training needs should be identified and acted on as soon as possible after appointment, though we also believe that the ongoing training needs of existing governors should be re-assessed on an annual basis. This means that it is a matter of urgency to assemble the appropriate material and also to provide a reference document with a usable index of both hard copy and electronic documents that governors may want to use themselves as part of their induction training.

- ***(4) the existing Governor's Handbook needs urgent revision and updating.***

We are concerned that this document gives a poor first impression of the Trust. It is now very dated, and needs substantial updating – eg to include reference to the new Chief Executive! We also consider that a format, such as a more robust arch file,

would be more user-friendly, and enable additional material to be added and obsolete material to be discarded. We also think that the inclusion of many documents as poor quality photocopies of original documents contributes to the overall poor impression.

Currently about half the Handbook (Section 3) is extracts from the constitution and membership strategy. This is exceptionally indigestible for a new Governor. Although governors do need this information, perhaps it could be included as a separate Appendix, or in some way that clarified that it was for reference, and not as important to a new governor as more general information about the Trust.

4. Conclusions

We believe that the revision of the induction material for new Governors needs to be addressed now as a matter of urgency. A robust framework must be in place by September when the new wave of Governors joins the Trust.

5. Next steps

We have not yet done more than collect anecdotal evidence about induction and training. We believe it could be useful to find out more from governors and NEDs as to what material they would find useful, and in what form it would be easiest for them to use it. We shall return to these issues in our final report.

**John Henry
Mike Evans
Michael Orme
Andrew Collis
July 2008**

GLOUCESTERSHIRE HOSPITALS NHS FOUNDATION TRUST

NED TRAINING NEEDS IDENTIFIED BY SHA

Below is a list of the development needs identified by Chairs of NHS organisations in the South West:

- Understanding World Class Commissioning requirements of Non Executives e.g. working with local authorities, contestability and competition, sustainable development, commissioning for outcomes.
- Charities Act
- Facilitated networking meetings ie Audit Committee Chairs, meetings with Non Executive Directors of other organisations with similar needs or issues, regionally organised audit seminars and governance meetings that share best practice
- Whole board appraisal including stakeholders/whole board training
- Engagement with Foundation Trust members, governors and the community
- The NHS competition framework
- NHS Next Stage Review and related business planning
- Joint training with third parties eg NHS Confederation and LGA
- Conference event to give key strategic messages on, for example, patient safety as well as a chance to acknowledge the value of the Non Executive Directors contribution
- Understand the work of specialist commissioning networks
- Develop skills in the management of risk, and in understanding the risk tolerance
- Understand the currency of NHS activity, how waiting list management works in relation to operational capacity, and how to recognise potential difficulties
- Understand the NHS as part of a "whole system", possibly delivered externally in mixed groups with Primary Care Trusts and providers and local government presentations
- Finance - how money flows in the NHS and what Boards can and can't do
- Best practice and innovation around quality, patient safety and risk
- Commissioning, competition and contestability - the ins and outs of tendering and fairly stimulating the "market". It might be useful to have external training perhaps using private sector marketing expertise
- It would be helpful for Non Executive Directors to understand, probably in mixed groups, best practice in needs assessment and turning data into useful information. Including work on understanding variation in a system or process and presenting information to Boards that promotes learning and effective decision making
- It would be useful for Non Executive Directors to get some expert opinion on developing an appropriate structure for a "commissioning" organisation. This could include work on succession planning, developing the new skills and best practice around shared services and outsourced services
- Foundation Trust Awareness
- Extending knowledge of NHS structures, systems and development plans
- Chairing Skills and Managing Meetings
- How Trusts fit into the sub-regional health system, particularly the emerging role of the private sector eg through Independent Sector Treatment Centres

- Other wider developments in the NHS eg the implications of making a reality of patient choice; the application of technology; the management of patient information; developments in the training and education of staff
- How to make the most of public involvement – a small number of Non-Executives are directly involved in the Public and Patient Involvement Group, learning from others is always an advantage
- Effective Performance Management
- Public Health Agenda
- Provider services options, including/especially social enterprise
- Operating as a high performing board
- Planning and influencing future growth within the local setting
- Exploring the issues around how to be a good Non Executive Director - with opportunities to honestly address the difficulties and tensions that confront Non Executive Directors in the line they tread between being an equal part of the board, being accountable, but not being an Executive Director
- Workforce planning
- Market Analysis
- Exogenous and endogenous variables affecting growth
- Governance arrangements and rules of Monitor
- Interview and grievance panel participation development
- Project management
- Procurement
- Regular updates of DH thinking, current themes, and future direction of travel would be useful in providing Non-Executive Directors with a wider perspective, which will be useful for supporting their understanding of the environment all NHS organisations have to operate within.
- Reputation management
- Risk management and compliance frameworks
- Understanding service user and market needs as a driver for appropriate strategy development

GLOUCESTERSHIRE HOSPITALS NHS FOUNDATION TRUST**TRAINING FOR INDIVIDUALS MAKING THE TRANSITION FROM A SENIOR POST TO AN EXECUTIVE DIRECTOR OF THE BOARD**

1. The Board is responsible for the effective governance of the Trust. Each member, whatever their background or professional expertise, is corporately and individually responsible for all decisions and must feel able to contribute to decision making and taking. The Board must collectively act in accordance with Nolan principles (e.g. transparency, honesty, integrity): each member is responsible for ensuring their own standards of behaviour meet the highest standards.
2. New Executive Directors invariably come to their role recognising that they need to be inducted into its professional management aspects. It is less evident that they are clear about the specific responsibilities of an Executive Board member, often a totally new experience for them.
3. To induct and support new Executive Directors it is proposed that each undertakes a mentoring programme based on a needs assessment. This will include basic information on, for example, developing and writing Board papers, preparing for Board meetings, chairing effective meetings and challenging constructively. It may also include particular support in understanding aspects of the Boards business, for example, corporate governance, finance, health and safety and equal opportunities.
4. It is proposed that this induction is managed by the Chair and Chief Executive who may, if deemed appropriate, engage external support. It is further proposed that the programme forms part of the Personal Development Plan of the Executive Director in the first year of his/her tenure.

Recommendations

5. It is recommended that:
 - (i) a formal induction programme for the Executive Director role is developed for new Executive Directors.
 - (ii) the programme is managed by the Chair and the Chief Executive, with external support if appropriate.
 - (iii) that the programme forms part of the Personal Development Plan of the Executive Director in the first year of his/her tenure.

Dr Frank Harsent
Chief Executive

Dame Janet Trotter
Chair

July 2008