



Governance in NHS Wales

Section One - What is the purpose of governance?

NHS organisations invest heavily in governance activity. As the leaders of public bodies charged with delivering complex, sometimes risky services to vulnerable people, boards need to demonstrate the highest standards of governance practice. NHS bodies act as stewards to nearly 10% of the nation's GDP, and governance systems need to demonstrate they lead to better practice in decision making and taking.

Key points:

- NHS governance requirements loosely speaking build upon and extend advances in commercial governance practice.
- Better governance practice is largely described in a series of codes, rather than being clearly enshrined in law.
- Boards should take a broad view of what constitutes better practice, and look outwards to other sectors rather than just upwards for centrally imposed rules.
- Boards should be aware of the costs of governance activity, and be sure of the benefits of governance scrutiny or assurance requirements.
- There are specific governance codes and guidance for NHS organisations, and these differ for England, Scotland and Wales. There is much to learn from each approach.
- Governance is about vision, strategy, leadership, probity and ethics as well as assurance and transparency.
- Governance activity should provide confidence to all stakeholders, not just to the regulators.
- Healthcare Standards for Wales set the standard for the way the NHS in Wales governs itself, and work alongside the Citizen-Centred Governance Principles.

LHBs and NHS Trusts are required to adhere to the standards of good governance set for the NHS in Wales, which are based on the Assembly Government's Citizen Centred Governance Principles.

These principles embody what the Assembly Government wants public services to be, focused on the needs of citizens, with citizens who are engaged and involved in the development of services and who receive services which are efficient, effective and innovative in their design and implementation.

It is proposed that a new governance and accountability structure for the NHS in Wales will facilitate achievement of the Welsh Assembly Government's agreed governance principles and in particular ensure:

- clarity for everyone working within the NHS system, those working in partnership with the NHS, those receiving NHS services themselves or for the carers, and for relatives of those receiving services,
- responsibility is placed with those who are best equipped to meet those responsibilities,
- recognition for those achieving their objectives, and
- action to ensure activities remain on track.

The changes to the structure of the NHS in Wales will require consideration and thought in terms of the supporting organisational culture required both to deliver the change and to take the NHS forward. NHS staff within the new bodies will need to embrace new ways of working, adopt changes in working practices,

and develop new skills.

It will be necessary to facilitate transition to and subsequently embed a culture that fosters:

- flexibility – to work across professional and organisational boundaries,
- innovation – to meet changing service need,
- learning – to encourage training, personal growth and career development,
- partnership working – to encourage joint working of NHS staff with partner organisations,
- co-operation – rather than competition,
- responsiveness – to ensure that future service patterns and priorities are responsive to the needs of individuals within their communities, and
- accountability and leadership.

The Welsh Assembly Government's Citizen Centred Governance principles will form an essential component of the new NHS arrangements. The principles provide a framework for good governance and embody the values and standards of behaviour that the assembly expects to see at all levels of the service, locally and nationally.

The extent to which the new organisations across the NHS are able to demonstrate their alignment with these principles will contribute to the Minister's annual review of NHS bodies' performance.

What is Governance?

Governance is a wide-ranging term that means different things to different people. It encompasses concepts such as leadership, stewardship, accountability, ethical behaviour and control. As a result it is difficult to provide one all embracing definition that satisfies all those with a view on the matter. For the NHS in Wales, governance is defined as:

“A system of accountability to citizens, service users, stakeholders and the wider community, within which healthcare organisations work, take decisions and lead their people to achieve their objectives.”

In simple terms, it refers to the way in which NHS bodies ensure that they are doing the right things, in the right way, for the right people, in a manner that upholds the values set for the Welsh public sector.

The effectiveness of governance arrangements has a significant impact on how well organisations meet their aims and objectives.

See the NHS Wales Governance eManual for more details.

The Seven Principles of Public Life (or the Nolan Principles)

Lord Nolan began the first report of his committee on standards in public life by setting out what he called “The Seven Principles of Public Life”, often described as “the Nolan Principles”.

The Seven Principles of Public Life are:-

- Selflessness – Holders of public office should act solely in terms of the public interest. They should not do so in order to gain financial or other benefits for themselves, their family or their friends.
- Integrity – Holders of public office should not place themselves under any financial or other obligation to outside individuals or organisations that might seek to influence them in the performance of their official duties.

- Objectivity – In carrying out public business, including making public appointments, awarding contracts, or recommending individuals for rewards and benefits, holders of public office should make choices on merit.
- Accountability – Holders of public office are accountable for their decisions and actions to the public and must submit themselves to whatever scrutiny is appropriate to their office.
- Openness – Holders of public office should be as open as possible about all the decisions and actions they take. They should give reasons for their decisions and restrict information only when the wider public interest clearly demands.
- Honesty – Holders of public office have a duty to declare any private interests relating to their public duties and to take steps to resolve any conflicts arising in a way that protects the public interest.
- Leadership - Holders of public office should promote and support these principles by leadership and example

Citizen Centred Governance

The assembly government's citizen centred governance principles embody what the assembly wants public services to be, focused on the needs of citizens, with citizens who are engaged and involved in the development of services and who receive services which are efficient, effective and innovative in their design and implementation.

The principles are:

- Putting the citizen first - putting the citizen at the heart of everything and focusing on their needs and experiences; making the organisation's purpose the delivery of a high quality service.
- Knowing who does what and why - making sure that everyone involved in the delivery chain understands each other's roles and responsibilities and how together they can deliver the best possible outcomes.
- Engaging with others – working in constructive partnerships to deliver the best outcome for the citizen.
- Living public sector values – being a value-driven organisation, rooted in Nolan principles and high standards of public life and behaviour, including openness, customer service standards, diversity and engaged leadership.
- Fostering innovative delivery – being creative and innovative in the delivery of public services – working from evidence, and taking managed risks to achieve better outcomes.
- Being a learning organisation – always learning and always improving service delivery.
- Achieving value for money – looking after taxpayers' resources properly, and using them carefully to deliver high quality, efficient services.

The principles themselves have derived from a two year programme of governance reviews across the NHS

in Wales. The extent to which individual NHS organisations are able to demonstrate their alignment with the citizen centred governance principles will contribute to the Minister for Health and Social Services' annual review of NHS bodies' performance.

The NLIAM paper linked below sets out further information to help readers understand the principles and to put them in context:

<http://www.nhswalesgovernance.com/Uploads/Resources/1/d5aOyBZS6.pdf>

See the NHS Wales Governance eManual for more details: www.nhswalesgovernance.com

What is meant by Corporate Governance?

“Good corporate governance is about ‘intellectual honesty’ and not just sticking to rules and regulations”.
Mervyn King, The King Report

Corporate governance is the process by which top managers execute their responsibilities and authority and how they account for that authority in relation to those that have entrusted them with assets and resources. In particular it is concerned with the potential abuse of the power and the need for openness, integrity and accountability in the decision-making processes of the organisation.

Clearly, this is equally relevant to any organisation, regardless of whether it is in the public or private sector. Effective corporate governance, along with clinical governance, is essential for the Local Health Boards and NHS Trusts to achieve clinical quality and financial objectives. Fundamental to effective corporate governance is having the means to verify the effectiveness of this direction and control.

The ‘common thread’ linking corporate and clinical governance and wider controls assurance is risk management. Risk management is defined as “the culture, processes and structures that are directed towards the effective management of potential opportunities and adverse effects.”

The principles for corporate governance apply equally to all organisations. However organisations within the public sector are subject to an array of different legislative requirements and are significantly more diverse in terms of their structure, scope and objectives.

Key Characteristics

The key characteristics that define public services and distinguish them from the private sector are:

- The level and nature of services are determined by political choices.
- Public service bodies have to satisfy a more complex set of political, economic and social objectives than a commercial company, and are thus subject to a different set of external constraints and influences.
- Public service bodies are subject to forms of accountability to their various stakeholders, including the community at large and higher levels of government, that are different to those which a company owes to its shareholders.
- Public service bodies are expected to manage their affairs in accordance with a public service ethos,

based on a distinct set of values and the highest ethical standards of probity and propriety, which apply in particular to the handling of public money.

- In most areas of the public services, auditors have a wider range of responsibilities for reporting on the activities of organisations than is the case in the corporate sector, covering not only the financial statements, but also 'value for money' and public interest issues.

Public service values

Public service values must be at the heart of the National Health Service. High standards of corporate and personal conduct, based on a recognition that patients come first, have been a requirement throughout the NHS since its inception. Moreover, since the NHS is publicly funded, it must be accountable to the Welsh Assembly for the services it provides and for the effective and economical use of taxpayers' money.

The following are crucial public service values which underpin the work of the health service:

- Accountability - everything done by those who work in the NHS must be able to stand the test of political scrutiny, public judgements on propriety and professional codes of conduct.
- Probity - there must be an absolute standard of honesty in dealing with the assets of the NHS: integrity should be the hallmark of all personal conduct in decisions affecting patients, staff and suppliers, and in the use of information acquired in the course of NHS duties.
- Openness - there should be sufficient transparency about NHS activities to promote confidence between LHBs and their staff, patients and the public.

The corporate governance framework for health and social care organisations requires them to have certain procedures in place to govern the behaviour of independent members and staff and this contributes to the management of financial risks.

It might appear that the structures and processes are over-elaborate and bureaucratic. However, board members are accountable to the public in a stewardship role and these measures help to protect board members by ensuring there is openness and honesty in the business dealings of NHS organisation.

The task of producing many of the registers and documents is made easier by good practice guidelines developed by the government, but these will only go some way to producing safeguards for NHS organisations. For corporate governance to be fully effective, organisations need to go beyond just putting policies and structures in place. The board must create the right culture by being seen to operate in a spirit of openness.

NHS organisations can contribute to this by ensuring that workshops or guidance on corporate governance issues are provided to all board members and staff.

Governance and healthcare standards

First and foremost, healthcare standards are about improving the patient experience and placing patients at the centre of the way in which services are planned and delivered.

The fundamental cornerstone for Healthcare Standards for Wales is the further development of safe, high quality care for all patients in Wales. Along with the development of National Service Frameworks and National Institute for Clinical Excellence (NICE) guidance, this is part of a sustained drive to remove inequalities in health across the breadth of Wales.

The healthcare standards set out in *Healthcare Standards for Wales - Making the Connections, Designed for Life* were developed with the following objectives in mind:

- to promote care based on shared values that can be adopted universally, ensuring that quality services are patient and user centred and provided equitably, robustly and ethically across the full breadth of services we provide, no matter what the setting,
- to establish a basis for continuous improvement to help ensure that additional resources made available deliver the improved levels of patient care the people of Wales have a right reasonably to expect; to provide a framework both for self-assessment by all healthcare organisations and for external review and investigation by Healthcare Inspectorate Wales,
- to help clarify the current complicated array of standards and guidance on the NHS, independent and voluntary sectors, with a view to, over time, simplifying and rationalising expectations on the service, and
- to enhance the reputation of the NHS in Wales as a model employer, commissioner and provider of services which delivers the benefits of improved services equitably to all members of society.

All healthcare organisations will be expected to assure themselves and the communities they serve that they are achieving or working towards these standards of care. Healthcare Inspectorate Wales will carry out external, independent assessments of organisations to ensure compliance with, or progress towards meeting the standards.

Health Care Standards and NHS Governance

Domaine 3 of the Healthcare Standards document lays out the requirement that NHS organisations will have in place systems that support both managerial and clinical leadership and accountability centred on patient and service user needs and preferences. Working practices will be in place to enable probity, quality assurance, quality improvement and patient safety to be the central components of all routines, processes and activities. The detailed standards in this respect are set out below. Access all of the standards on the Healthcare Standards for Wales on www.wales.nhs.uk/hcsw/

Standard 14	Healthcare organisations continuously and systematically review and improve all aspects of their activities that directly affect the safety and health of patients, service users, staff and the public. They will not only comply with legislation, but apply best practice in assessing and managing risk.
Standard 15	Healthcare organisations, recognising different language and communication needs, ensure that patients, service users, relatives and carers: a) can provide feedback on their experiences and the quality of services; b) have their complaints looked at promptly and thoroughly in accordance with complaints procedures; c) are given information about complaints advocacy support provided by Community Health Councils in Wales; and d) receive assurance that organisations act on any concerns and make appropriate changes to ensure improvements in service delivery.

Standard 16	Healthcare organisations have systems in place: a) to identify and learn from all patient safety incidents and other reportable incidents; b) to report incidents to the National Patient Safety Agency's (NPSA) National Reporting and Learning System and other bodies in line with existing guidance; c) to demonstrate improvements in practice based on shared local and national experience and information derived from the analysis of incidents; and d) to ensure that patient safety notices, alerts and other communications concerning safety are acted upon within required time-scales.
Standard 17	Healthcare organisations comply with national child protection and vulnerable adult guidance within their own activities and in their dealings with other organisations.
Standard 18	Healthcare organisations have planned and prepared, and where required practised, an organised response to incidents and emergency situations, which could affect the provision of normal services.
Standard 19	Healthcare organisations ensure that: a) all risks associated with the acquisition and use of medical devices are minimised; b) all reusable medical devices are properly decontaminated prior to use and that the risks associated with decontamination facilities and processes are well managed; c) quality, safety and security issues of medicines are managed; and d) the prevention, segregation, handling, transport and disposal of waste are managed so as to minimise the risks to the health and safety of staff, patients, the public and the safety of the environment.
Standard 20	Healthcare organisations work to enhance patient care and to continuously improve staff satisfaction by providing best practice in human resources management.
Standard 21	Healthcare organisations: a) undertake all necessary employment checks and ensure that all employed or contracted professionally qualified staff are registered with the relevant bodies; b) require that all employed professionals abide by their published codes of professional practice and conduct; and c) address where appropriate under-representation of minority groups.
Standard 22	Healthcare organisations ensure that staff: a) are appropriately recruited, trained and qualified for the work they undertake; b) participate in induction and mandatory training programmes; and c) participate in continuing professional and occupational development.
Standard 23	Healthcare organisations ensure that staff are supported by: a) processes which permit them to raise, in confidence and without prejudicing their position, concerns over any aspect of service delivery, treatment or management; and b) organisational and personal development programmes which recognise the contribution and value of staff.
Standard 24	Healthcare organisations work together with social care and other partners to meet the health needs of their population by: a) having an appropriately constituted workforce with appropriate skill mix across the community; and b) ensuring the continuous improvement of services through better ways of working.
Standard 25	Healthcare organisations use effective information systems and integrated information technology to support and enhance patient care, and in commissioning and planning services.
Standard 26	Healthcare organisations have effective records management processes in place to ensure that: a) from the moment a record is created until its ultimate disposal, the organisation maintains information so that it serves the purpose it was collected for and disposes of the information appropriately when no longer required; and b) patient confidentiality is maintained.

Standard 27	Governance arrangements representing best practice are in place which: a) apply the principles of sound clinical and corporate governance; b) ensure sound financial management and accountability in the use of resources; c) actively support all employees to promote openness, honesty, probity, accountability, and the economic, efficient and effective use of resources; d) include systematic risk assessment and risk management; and e) are integrated across all health communities and clinical networks
Standard 28	Healthcare organisations: a) ensure that the principles of clinical governance underpin the work of every team and every clinical service; b) have a cycle of continuous quality improvement, including clinical audit; and c) ensure effective clinical and managerial leadership and accountability