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NHS Improvement

The Royal Wolverhampton NHS Trust

The Royal Wolverhampton NHS Trust

Independent Review of Governance and Leadership

Final Report

9 November 2016

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9 November 2016

Dear Fran

Governance and Leadership review at The Royal Wolverhampton NHS Trust

In accordance with our Contract dated 30 June 2016 (the 'Contract'), for a Governance and Leadership review at The Royal Wolverhampton NHS Trust (the 'Trust'), we enclose our final report for publication dated 9 November 2016 (the 'Final Report').

The Final Report has been prepared for your sole use and shall be subject to the restrictions on use and other terms specified in the Contract. Whilst we have agreed that the Final Report may be published on the Trust website, such publication may only be made on a non-reliance basis since no person except the addressee, NHSI, is entitled to rely on the Final Report for any purpose whatsoever and to the extent permitted by law we accept no responsibility or liability to any other person in respect of the contents of this Final Report. Should any person other than NHSI choose to rely on this Final Report, they will do so at their own risk.

NHSI is responsible for determining whether the scope of our work is sufficient for its purposes and we make no representation regarding the sufficiency of your procedures for making such determination.

We have assumed that the information provided to us and management's representations are complete, accurate and reliable; we have not independently audited, verified or confirmed their accuracy, completeness or reliability.

The matters raised in this Final Report are only those that came to our attention during the course of our work and are not necessarily a comprehensive statement of all the strengths or weaknesses that may exist or all improvements that might be made. Any recommendations for improvements should be assessed by the Trust for their full impact before they are implemented.

This Final Report has been prepared solely on the basis of circumstances existing up to the time which it is dated. Changes in circumstances may affect the observations, recommendations and other commentary detailed in this Final Report. We have no responsibility to monitor the continuing relevance of suitability of this Final Report for the purposes it was supplied.

Yours faithfully

Deloitte LLP

Executive Summary

Executive Summary

We have undertaken a Governance and Leadership review at The Royal Wolverhampton NHS Trust (the Trust) against the scope set out in our Contract with NHSI dated 30 June 2016.

We outline below a summary of our overall conclusions.

- The Trust has a stable, cohesive and experienced executive team who have delivered a number of innovative strategic initiatives, as well as achieving consistently good performance levels. The Executive Directors (EDs) are complemented by a number of established Non-Executive Directors (NEDs) who work well as a team and take their roles seriously. The Chair and CEO have developed a strong relationship, appear to work well together and have unified the Board over the last 3 years.

- The Chief Executive is a strong character with an impulsive style and can attract controversy from time to time. However, he is strongly supported by fellow Board members, the external stakeholders, senior clinical leaders and staff more generally that we spoke with as part of our review. His impulsive style is recognised by himself and colleagues and he has assembled a team around him which complements and balances his style.

- The Board is operating in a unitary manner and compares favourably with many others we have worked with. There is however potential for greater exposure by NEDs to activities at the divisional and directorate level. In addition, challenge from NEDs to EDs, including Chair to CEO challenge, needs to be strengthened in our opinion and the Trust would benefit from making two new NED appointments over the next 6-9 months to help bring more balance to the support and challenge dynamic at Board-level.

- We have observed many areas of good practice across: Board committees; Board reporting; data quality and information; and risk management. We have however highlighted a number of potential areas for refinement throughout our report for consideration.

- The divisional structure is embedded having been in place for eleven years and is amongst the most mature set-ups we have observed in the NHS. Of particular note are: the high levels of clinical engagement; investment in leadership development; and standardisation of governance arrangements across divisions and directorates. It is recognised that there may be a need to increase the number of divisions from two and that further work is required to ensure that the governance structure is consistently applied across directorates. There is also potential for a more multi-disciplinary approach to performance review between the corporate and divisional level.

Our review findings set out within this report are grouped into the following themes:

- Board Capacity and Capability
- Board Governance
- Divisional Governance and Leadership

A. Board Capacity and Capability

A.1 Executive Director leadership

A.1.1 Executive team capability and cohesion

The executive team at the Trust enjoys high levels of stability and is an experienced, cohesive and ambitious team. These characteristics, as well as an entrepreneurial culture, have aided the achievement of consistently good performance levels, in terms of quality, operations, finance and strategic developments.

A.1.2 CEO leadership

The Chief Executive Officer is a strong character with an impulsive and honest style and has attracted attention and negative publicity from time to time. However, feedback gathered during this review consistently points towards a CEO that furnishes a supportive and innovative culture amongst Board members and staff. Equally, he demonstrates a clear patient and staff focus, which has resulted in strong loyalty towards him throughout the organisation. The CEO has assembled a team around him which complements and balances his personal style. However, there is undoubtedly scope for the CEO to give further reflection to the impact his personal style can occasionally have on those around him.

A.1.3 The Executive triumvirate

The executive triumvirate (MD, CN and COO) have strong and supportive relationships and work well as a unit. However, there are inconsistencies in the management of the three portfolios that could potentially drive silo working practices and dilute the overall impact of the multi-disciplinary model. We also note the need for greater medical coverage at various meetings, possibly aided through the appointment of a Deputy Medical Director.

Executive Summary

A. Board Capacity and Capability (continued)

A.2 Non-Executive Director leadership

A.2.1 Non-Executive Director contribution

The NED cohort is well established and includes a range of skills and mix of styles. Individuals have demonstrated a good understanding of Trust activities; actively engage with EDs and staff; and take their roles seriously.

A.2.2 Board interaction and scrutiny from Non-Executives

The Board operates in a unitary manner and compares well with many organisations we work with. However, challenge from NEDs to EDs needs to be strengthened in our opinion and the Board would benefit from making new NED appointments to help bring more balance to the challenge and support dynamic at Board-level.

A.2.3 Non-Executive Director visibility sub-Board

NEDs have a good understanding of the Trust agenda and are active outside of the Board room. However, there is scope for greater exposure to the divisional and directorate level through additional activities such as increased representation of divisions at Board level and potentially a NED buddying arrangement with divisions or directorates.

A.3 Board leadership

A.3.1 Trust Chair and CEO dynamic

The Chair and CEO have very different styles but they are generally viewed by stakeholders as being complementary and forming the basis of a strong relationship. The Chair has also played a key role in unifying the Board over the last 3 years and is well respected amongst fellow Board members and external stakeholders. However, there is scope for greater challenge from the Chair to the CEO, similar to the supporting and challenging point discussed in A2.2.

A.3.2 Succession planning

The Trust has taken a proactive approach to ED succession planning although there is a lack of candidates for some key roles. Given the level of NED challenge issues discussed in A.2.2 and A.3.1 above, we believe that plans should be made to facilitate the succession planning and refresh of the Non-Executive group over the next 6-9 months with two new appointments. The Trust should also consider a medium term succession plan for the Chair given his time with the Trust at over 10 years (8 years as NED, 2 years as Chair) is at the upper end of the tenure range.

A.3.3 Stakeholder engagement

EDs generally enjoy high profile and visibility both internally and externally. The efforts of the Chair in forging external partnerships have also featured prominently throughout our review. However, there is a view amongst some external stakeholders that the Trust can at times be perceived to withdraw from developments if the direction of travel is not fully aligned with the Trust agenda.

A.3.4 Board development

The Trust has a comprehensive Board development programme covering a range of topics and the results of our staff survey strongly indicate that the Board spends sufficient time together informally.

B. Board Governance

B.1 Board Committees

We have observed many areas of good practice in relation to the structure and operation of Board committees of the Trust and it compares favourably when benchmarked against other similar organisations. We have however highlighted a number of potential areas for refinement throughout our report for consideration.

B.2 Board reporting

The quality of Board reporting is mixed, with some elements of good practice and some areas that would benefit from improvement. High-level feedback from interviews suggests that Board papers as a whole are onerous, with a variety of lengthy reports received on a regular basis. Furthermore, interviewees reflected that the reporting of certain items to various forums leads to a degree of duplication, with the reports reviewed and discussed numerous times prior to reaching the Board.

Executive Summary

B. Board Governance (continued)

B.3 Data quality and information

Data quality practices are well embedded at the Trust with an up-to-date Data Quality Policy, a dedicated Data Quality team and divisional data quality leads. There has been strong results in Internal Audit reviews although we note the Trust does not make use of data kite-marking.

B.4 Risk Management

Risk management at the Trust is mature with clarity at both Board and operational levels regarding respective roles and responsibilities in relation to risk management. We have also observed many areas of good practice in relation to Trust use of the BAF, TRR and RMS. It is acknowledged that there is scope for further development in relation to the embeddedness of risk management practices at the operational level.

C. Divisional Governance and Leadership

C.1 Divisional leadership and structure

The divisional leadership model at the Trust has been in place for eleven years and it is acknowledged by Board and staff members to be a mature arrangement with a clear commitment to divisional autonomy and accountability. The Trust is an outlier to other similar organisations with only two clinical divisions although this is recognised and likely to evolve as the Trust goes down the ACO route.

C.2 Divisional and Directorate governance

The Trust has introduced a range of best practices in governance across both divisions and directorates which provide a level of standardisation whilst allowing flexibility to meet the requirements of specific areas. It is recognised that there is further leadership development required to ensure that the governance structure is consistently applied across the directorate structure.

C.3 Leadership development

The Trust takes a proactive approach to leadership development with a range of opportunities available to staff at all levels of the organisation. This includes support to embed the application of governance and leadership structures; a range of formal qualifications and a number of broader clinical development initiatives. However, there is scope for improving the succession planning for senior clinical leadership roles at the Divisional and Directorate levels.

Recommendations

A summary of our recommendations can be found on page 41. The priority recommendations are outlined below:

- The Board should reflect on the respective roles of EDs and NEDs and consider whether the current balance between support and challenge is optimal.
- The CEO should further reflect on his personal style and in particular the potential impact his strength of character and impulsive and honest style may have on internal and external stakeholders.
- The Chair and NHSI should consider the need to appoint two new NEDs over the next 6-9 months to help bring a refreshed perspective to the Board. The skill set of new appointees should reflect the challenges the Trust faces over the next few years, particularly skills in partnership working as it moves towards the ACO.
- The Trust should consider the appointment of a Deputy Medical Director.
- The Trust should consider a more formal approach to the Medical Directors role in relation to the performance management of senior clinicians and ensure regular medical representation in performance review meetings and Board and Committee meetings.
- The Trust and NHSI should consider a succession plan to manage the transition in Chairmanship over the medium term.
- The Trust should ensure that there are more clearly defined succession plans in place to manage the transition in key ED posts over the medium to long term.
- The Board should reflect on the Trust's approach to partnership working in situations where developments are not necessarily fully aligned with the Trust agenda.

Project Scope

Project Scope

Context

This Governance and Leadership review at The Royal Wolverhampton NHS Trust was commissioned by NHS Improvement (NHSI). NHSI commissioned this review in the light of governance concerns raised by a previous review examining the Trust's handling of concerns raised by an employee. The review was conducted in 2014 and the report was published in May 2016. This report has been commissioned to conduct a review of current governance and leadership arrangements at the Trust and is not intended to investigate any specific concerns raised by the previous review or by former Board members or employees of the Trust. We have however been asked by NHSI to interview two former Board members and a former employee of the Trust to provide us with context.

The Terms of Reference for our review are as follows:

- to assess current approaches to governance including identifying any areas of good or poor practice;
- to assess the culture and attitude towards governance demonstrated by the Trust Board;
- to assess Board-level capability and capacity to provide appropriate leadership of good governance throughout the Trust;
- to identify actions that should be taken by the Trust to ensure a strong management culture with a positive approach to good governance;
- to identify action that should be taken by NHSI to ensure a strong management culture at the Trust with a positive approach to good governance; and
- to identify any areas of support required by RWT to ensure a strong management culture with a positive approach to good governance.

In line with NHSI policy to incorporate a greater Peer Review component to governance reviews, we have received expert advice from two Peer Reviewers during the course of this review. The Peer Reviewers were: Robert Armstrong, Chairman of Wrightington, Wigan and Leigh NHS Foundation Trust; and Jan Sobieraj, Chief Executive of United Lincolnshire Hospitals NHS Trust.

Our approach

Our work was conducted between June and September 2016 and our approach was based on the methodology for conducting a Governance and Leadership Review set out in our Contract with NHSI dated 30 June 2016. Our approach to delivering the project scope against this methodology has consisted of:

1. Conducting a desktop review of a sample of key Trust documentation including Board minutes, committee minutes, Board and committee reports, Terms of Reference and policies.
2. Conducting non-attributable interviews with all Board members, including Executive and NEDs, during August and September 2016.
3. Conducting follow-up, non-attributable interviews with key Board members, including: the Chairman, the CEO, the Chief Nurse and the COO.
4. Conducting non-attributable, peer-to-peer interviews as follows: interviews between our Chair Peer, the RWT Chairman and the Chair of the RWT Audit Committee; and, between our CEO Peer, the RWT CEO and the RWT Director of Strategic Planning and Performance.
5. To understand the context of previous concerns surrounding the Trust, we conducted non-attributable interviews with: Richard Harris (former Trust Chairman); David Ritchie (former Trust NED); and Professor David Ferry (former Trust clinician).
6. Undertaking two observations of the Trust Board on 25 July 2016 and 26 September 2016. The September 2016 meeting was also observed by our Chair Peer.
7. Undertaking the following additional observations: Finance & Performance Committee on 7 September 2016 and 21 September 2016; Quality Governance Assurance Committee on 21 July 2016; the Trust Management Committee on 23 September 2016; the Quality Standards Action Group on 26 August 2016; and the Patient Safety Improvement Group on 19 August 2016. The Trust Management Committee was also observed by our CEO Peer.
8. Conducting non-attributable interviews with the two of the Divisional Leadership teams, along with the Leadership teams from two directorates (one from each division).

Project Scope (continued)

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Our approach (continued)

9. Conducting three staff focus groups, split between: non-clinical staff; senior clinical staff (those of band 7 and above); and junior clinical staff (those band 6 and below). A total of approximately 50 staff attended the three focus groups, including six consultants.
10. Conducting a Board survey, which all Board members completed, and a staff survey which 408 members of staff responded to (204 clinical staff and 194 non-clinical staff).
11. Conducting 30 minute telephone interviews with the following external stakeholders:
    - Donald McIntosh (Chief Officer, HealthWatch Wolverhampton);
    - Andrew Donald (Accountable Officer, South East Staffordshire and Seisdon Peninsula CCG);
    - Claire Skidmore (Chief Finance and Operating Officer, Wolverhampton CCG);
    - Andy Williams (Accountable Officer, Sandwell and West Birmingham CCG);
    - Jan Sensier (CEO, HealthWatch Staffordshire); and
    - Rob Marris (Member of Parliament, Wolverhampton South West).

Observations and recommendations

Our findings in this Final Report are based upon the views expressed by Board members, staff across the Trust and our own observations. We have assumed that the information provided to us and management's representations are complete, accurate and reliable; we have not independently audited, verified or confirmed their accuracy, completeness or reliability. In particular, no detailed testing regarding the accuracy of any financial information has been performed.

Our work, which is summarised in this Final Report, has been limited to matters that we have identified at the date of this report as being significant within the context of the scope. In particular, this review did not identify all of the gaps that may exist in relation to the Trust's approach to governance.

Glossary

Glossary

Glossary of terms used throughout this report

A&E	=	Accident & Emergency
ACO	=	Accountable Care Organisation
AD	=	Associate Director
BAF	=	Board Assurance Framework
BM	=	Board member
Board	=	The Board of The Royal Wolverhampton NHS Trust
CCG	=	Clinical Commissioning Group
CD	=	Clinical Director
CEO	=	Chief Executive Officer
CFO	=	Chief Finance Officer
CIP	=	Cost Improvement Programme
CN	=	Chief Nurse
COO	=	Chief Operating Officer
CQC	=	Care Quality Commission
DAA	=	Divisional Accountability Agreement
DCOO	=	Deputy Chief Operating Officer
DMD	=	Divisional Medical Director
ED	=	Executive Director
F&P	=	Finance and Performance Committee
HR	=	Human Resources
I&E	=	Income & Expenditure
IA	=	Internal Audit
IQPR	=	Integrated Quality and Performance Report
KPI	=	Key Performance Indicators
MD	=	Medical Director
MSFT	=	Mid-Staffordshire NHS Foundation Trust
NED	=	Non-Executive Director
NHS	=	National Health Service
NHSI	=	NHS Improvement
PSIG	=	Patient Safety Improvement Group
QGC	=	Quality Governance Committee
QGAC	=	Quality Governance Assurance Committee
QIA	=	Quality Impact Assessment
QSAG	=	Quality Standards Action Group
RAG	=	Red, Amber, Green
RMS	=	Risk Management Strategy
RWT	=	The Royal Wolverhampton NHS Trust
STP	=	Sustainability and Transformation Plans
TMC	=	Trust Management Committee
ToR	=	Terms of Reference
Trust	=	The Royal Wolverhampton NHS Trust
TRR	=	Trust Risk Register
UHCW	=	University Hospitals Coventry and Warwickshire NHS FT
WHO	=	World Health Organisation

Observations and Commentary

A. Board Capacity and Capability

Board Capacity and Capability

The leadership at the Trust is characterised by a significant number of long-standing appointments, including: the CEO (appointed 2004), Chief Nurse, Deputy Chief Executive & Lead Executive for Safeguarding (appointed 2005), CFO (appointed 2009), Medical Director (appointed 2011), and COO (appointed 2012). The remaining directors represent more recent and medium-term appointments, including the Director of Integration (appointed 2014), the Director of Strategic Planning and Performance (appointed January 2016) and the Director of Human Resources (interim appointment). We also note continuity on the NED side of the Board, with a well-established cohort of NEDs that bring a range of experience and strong links to the Wolverhampton community. This includes the Trust Chair, who has been in post as a NED since April 2006 and was appointed Chairman in September 2014. Across the wider NED cohort, four of the seven appointments were made between October 2012 and April 2014, with a further long-standing appointment from April 2010 and more recent appointments in May 2015 and April 2016.

A.1 Executive Director Leadership

A.1.1 Executive team capability and cohesion

The executive team at the Trust enjoys high levels of stability and is an experienced, cohesive and ambitious team. These characteristics, as well as an entrepreneurial culture, have aided the achievement of consistently good performance levels, in terms of quality, operations, finance and strategic developments.

The ED group is a highly experienced team with five of the seven substantive EDs having at least eleven years experience in NHS executive level roles. Five of the seven substantive EDs have worked together as a team since 2012, with some of the working relationships at the Trust going back as far as 2005. The more-recent executive appointments, namely the Director of Strategic Planning and Performance and the Director of Integration, have both assimilated well into the organisation, with wide recognition from Board members that they have quickly integrated with other EDs.

It is evident from our individual interviews, staff focus groups and observations of the Board and Committees that there is a positive team dynamic and high levels of consistency and continuity in the executive team. EDs comes across as being ambitious, cohesive, present a single message and appear to take joint accountability for decisions taken. There is a supportive culture within the team as well as a strong sense of loyalty (see A3.3.1). EDs described the team dynamic as supportive, but appropriately challenging, with reference made to an 'open-door' policy amongst EDs and senior managers. Interviewees commented on the frequent informal challenge and discussion that takes place amongst EDs.

Whilst it was acknowledged that styles vary across EDs, approaches were felt to be complementary and balanced across the group. From interviews and observations undertaken, we would concur with this assertion, noting a well-rounded mix of approaches across the executive team ranging from those who focused on the detailed process through to more strategic innovators.

Individual EDs are well-respected across the Trust. For example, during our interviews with staff, regular reference has been made to the strength of the CN and MD, both of whom are well-engaged with their respective professional groups. The level of engagement has helped to nurture a culture that, although very driven, is supportive and constructive. These findings are consistent with those identified by CQC in their 2015 report, where they found that clinical leaders were aware of issues across the Trust and that they were held in high-regard by staff across the organisation. EDs also demonstrated strength in relation to operational and financial leadership, with the COO and CFO both being well established at the Trust and working in an integrated manner with other EDs and divisional leadership teams. In addition, CQC noted a number of areas of good practice in relation to ED engagement across the organisation. Notable within this feedback is an example relating to the interim Director of HR, who made reference to shadowing consultants to better understand their role and needs, noting that this received a good response from staff. We have also received positive feedback and support for the CEO which we discuss separately in A1.2 below.

The collaborative and cohesive way in which the executive team functions, as well as an innovative culture, has aided the achievement of consistently good performance levels, in terms of quality, operations, finance and strategic developments. Notable and recent examples of good performance include: the Trust's approach to the dissolution of Mid Staffordshire NHS Foundation Trust (MSFT) and the subsequent reallocation of services between this Trust and University Hospitals of North Midlands NHS Trust; the recent developments undertaken towards Vertical Integration, which have been driven by Trust leadership; and playing a central role within the region's STP process.

Board Capacity and Capability

Central to the Trust's short and long-term objectives and success is the focus on patient and staff welfare. This has been a key driver behind the examples of good performance noted above and has been referenced throughout our review activities. We spoke to a wide range of staff across the organisation and across varying levels of seniority. Patient focus and staff welfare were common themes in our discussions and focus groups, with staff clear that the Trust's executive team led by example in this regard and that patient and staff focus at RWT is embedded throughout the organisation.

The example set by the Trust's leadership has led to a strong sense of loyalty from staff and a positive culture throughout the organisation. Multiple references were made to staff who have left the Trust and subsequently returned due to its positive culture. These findings are consistent with the 2015 NHS Staff Survey results, with the Trust scoring 3.87 (above average) in relation to staff recommending the organisation as a place to work or receive treatment. This represents an improvement from 2014 and, also, a score well-above the national average of 3.71.

Finally, although the most recent CQC report rated the Trust overall as 'Requires Improvement', we note a number of positive findings throughout the document. Of particular relevance here is the feedback in relation to Trust leadership, which is consistently strong although the Trust was rated as 'Requires Improvement' against the Well-led domain. The CQC found the leadership team to be open and approachable to staff, with a good awareness of issues across the Trust.

A.1.2 CEO Leadership

The Chief Executive Officer (CEO) is a strong character with an impulsive and honest style that has attracted attention and negative publicity from time to time. However, feedback gathered during this review consistently points towards a CEO that furnishes a supportive and innovative culture amongst Board members and staff. Equally, he demonstrates a clear patient and staff focus, which has resulted in strong loyalty towards him throughout the organisation. The CEO has assembled a team around him which complements and balances his personal style. However, there is undoubtedly scope for the CEO to give further reflection to the impact his personal style can occasionally have on those around him.

The Trust CEO is one of the most experienced Chief Executives in the NHS with a total of 28 years as a NHS Chief Executive. He was appointed to the post at the Trust in 2004 and was Chief Executive of the University Hospitals Coventry and Warwickshire NHS Trust (UHCW) for 14 years prior to this. The CEO is well known locally, regionally and nationally and brings a significant network of support for the Trust.

The CEO is described by many interviewees as a 'strong' character and has attracted controversy, as well as significant media interest at various points in his career which has driven some negative sentiment externally. This has included sensitive cases with employees such as a recent whistleblowing case with the Trust's Head of Clinical Coding and grievances raised by former consultants at both RWT and UHCW. The whistleblowing case resulted in an independent review into the circumstances which was conducted in 2014 and published in 2016. We have also been made aware of issues raised by former Board members of the Trust in relation to the conduct of the CEO. These high-profile issues have created a considerable amount of external interest around the Chief Executive and the Trust more generally. Whilst this review does not investigate the specificities of these issues, they have provided context for the commissioning of this review by NHS Improvement. However, throughout our interviews with Board members, we noted a wide range of positive feedback about the CEO and it is clear that he is well-respected by colleagues. Key strengths to which interviewees referred, include: the CEO's commercial astuteness; a clear entrepreneurial approach to leadership; and an excellent network with strong links across the regional and national systems. A number of those interviewed made reference to the CEO's clear focus on patients and quality, with this acting as a central driver in any developments being progressed by the Trust. Reference was made to the supportive and engaging approach of the CEO, both from EDs and NEDs alike.

The Board level feedback we received on the CEO is replicated across the organisation, with wide-ranging support expressed through our interviews and staff focus groups. Regular reference was made to the CEO's focus on staff and patients, with the expectation of a similar focus and associated behaviours from colleagues throughout the Trust. It was clear that the CEO is not afraid to challenge those who are seen to be acting out of alignment with these values and behaviours. For the most part, this has engendered a strong sense of loyalty towards the CEO and good clinical engagement across the organisation.

Board Capacity and Capability

During interviews, reference was also made to positive feedback from CQC's latest inspection at the organisation. Though the organisation received 'Requires Improvement' against the Well-led domain, the report includes a range of positive feedback in relation to the Trust leadership. In particular, the report summarised that 'they felt they [the leadership team] were approachable, especially the CEO'. These findings, from the report of November 2015, have been echoed by feedback from our interviews across the organisation.

Our interviews with external stakeholders pointed to the CEO being the figurehead for the organisation and being the instigator for many of the initiatives progressed at the Trust and at the regional level, such as Vertical Integration.

Though our feedback on the CEO is largely positive, interviews with internal and external stakeholders and observations during our review also point towards a number of challenging areas. Given the CEO's direct style, we acknowledge that this can cause tension with those whose behaviours, approach or decisions are being challenged. A number of interviewees made reference to a sense that the CEO requires managing and steering from the broader executive team, in order to ensure that there is robust process and governance around his initiatives and ideas. Interviewees commented that the CEO has an instinctive and impulsive style of leadership and that, although this may be successful in the majority of cases, there is a reliance on the wider leadership team to 'put on the brakes' when required and to ensure that there is an appropriate risk framework in place around the CEO's ideas.

Further to this, in some instances, Board members felt that this driven and instinctive approach can make it difficult to challenge the CEO's direction of travel. During our interviews, reference was made to a need to fully prepare your case when challenging the CEO's position. Should a case not be prepared sufficiently, it was understood that this could cause greater levels of challenge from the CEO and, on occasion, a 'negative' response. However, although this was raised by a number of Board member colleagues, it was caveated with the assertion that, should you have an appropriate case, the CEO will reflect on the matter and that he does not disregard opposing or conflicting views.

During our interviews with the CEO, he acknowledged that his personal style is impulsive and recognises that this may cause tensions with certain stakeholders. However, in balance to these weaknesses, he describes a range of mitigating factors in place to harness his drive and impulsive approach. Central to this is the support network evident amongst the executive team, of which a key element is the support provided to the team by the CEO and vice versa. Both EDs and NEDs alike felt that the CEO has assembled a strong and complementary team around him, a team that understands the processes required and that covers any of his 'blind spots'. This supportive and balanced environment has nurtured development in the CEO's approach, with EDs and NEDs commenting that any past behavioural challenges have tempered in recent years and that he is now much more self-aware and understands his areas of weakness.

Despite these behavioural characteristics, our various activities have provided little current evidence of a damaging approach to governance or leadership from the CEO and, whilst there are certainly areas for development in terms of the CEO's strong character and impulsive and honest approach, the current position, in our opinion, does not necessarily reflect the negative perceptions that have existed in the past.

The feedback gathered during this review consistently points towards a CEO that furnishes a supportive and innovative culture amongst the executive team. Equally as important, he demonstrates a clear patient and staff focus, which has resulted in strong loyalty towards the CEO throughout the organisation. The CEO has assembled a team of Executives that complements and balances his approach. Board members are clear that any leadership 'idiosyncrasies' are manageable and that harnessing the CEO's ability does not impinge on the wider functioning of the Trust.

We do recognise that a significant period of time has passed since the cases described above occurred and that the Board and the CEO have demonstrated improvement over this period. However, there is undoubtedly scope for the CEO to give further reflection to the impact his personal style can occasionally have on those around him.

R1: The CEO should further reflect on his personal style and in particular the potential impact his strength of character and impulsive and honest style may have on internal and external stakeholders.

Board Capacity and Capability

A.1.3 The Executive triumvirate

The executive triumvirate (MD, CN and COO) have strong and supportive relationships and work well as a unit. However, there are inconsistencies in the management of the three portfolios that could potentially drive silo working practices and dilute the overall impact of the multi-disciplinary model. We also note the need for greater medical coverage at various meetings, possibly aided through the appointment of a Deputy Medical Director.

A critical ingredient of a high performing executive team is a fully integrated triumvirate of the Medical Director, Chief Nurse and Chief Operating Officer. As noted in Section A.1.1 of this report, the current triumvirate post-holders are highly experienced executives, well established at the Trust and well-regarded across the organisation. As a triumvirate, our interviews and observations have highlighted strong and supportive relationships between the three, with each member acknowledging that they work well as a unit. We also understand that there is regular and ongoing discussion between the three, with healthy tensions between professional groups as may be expected. These tensions manifest themselves in a positive manner, with robust and open discussion at both formal and informal meetings between the three corporate triumvirate members. There is also a good understanding by each member of the key issues facing respective portfolios as well as the need to consider any interdependencies.

However, we have observed certain inconsistencies across the management of the three portfolios that could potentially drive silo working practices and dilute the overall impact of the multi-disciplinary model. Specifically, we observed inconsistencies in relation to performance management across the three portfolios. For example, we understand the Chief Nurse and Chief Operating Officer both take a more formal approach to the management of their professional groups, with regular formal meetings between each ED and their senior management team(s). However, the same approach is not replicated in medicine, where there are no formal meetings between the MD and senior medical staff, with any holding to account taking place on an ad hoc basis.

We also note inconsistencies in attendance at quarterly divisional performance review meetings with regular attendance by the COO, ad hoc attendance by the Chief Nurse and limited attendance by the Medical Director to the extent that these review meetings have become too operationally focused.

We also observed a Board meeting and a Quality Committee meeting where the Medical Director was absent. Whilst the Medical Director had good reason for not being at the meetings, there was no other senior representation to cover the medical agenda. This issue is impacted by the fact that the Medical Director, unusually in our experience, does not have any Deputy Medical Directors.

It has been noted during our interviews that capacity constraints on the Medical Director's portfolio may have an influence on the above issues to the extent that the Medical Director may benefit from the formal appointment of a Deputy Medical Director.

R2: The Trust should consider a more formal approach to the Medical Director's role in relation to the performance management of senior clinicians and ensure regular medical representation in performance review meetings and Board and Committee meetings.

R3: The Trust should consider the appointment of a Deputy Medical Director.

Board Capacity and Capability

A.2 Non-Executive Director leadership

A.2.1 Non-Executive Director contribution

The NED cohort is well established and includes a range of skills and mix of styles. Individuals have demonstrated a good understanding of Trust activities; actively engage with EDs and staff; and take their roles seriously.

As noted above, the current NED cohort is well established and includes a number of long-standing members. The Non-Executives bring a range of senior management experience from a variety of sectors, including: clinical experience at RWT; NHS Management and Finance; regulation; health and safety; professional services and consultancy; accountancy and finance; and the voluntary and not-for-profit sector.

Individually, the NEDs came across well throughout our review with each individual demonstrating a good understanding of Trust activities. There is a good mix of styles, ranging from the more-detailed and analytical to those who bring a wider, strategic and community-focussed approach. Each member presents a strong skill-set in their respective area and provided insightful feedback regarding the governance arrangements and leadership at the Trust. Our interviews also found the NEDs to be proactive in driving Board initiatives. For example, we heard that one NED took the lead on re-designing the Trust's finance report.

These individual skill-sets translate well to group working, with NEDs and EDs alike reflecting on a joined-up approach. Key to this approach is the cohesion of the group outside formal Board and Committee meetings. For example, the NEDs hold fortnightly meetings as a group, at which they are able to informally discuss key Trust issues. This includes an informal pre-meeting before each Board session, which is used to identify notable areas they wish to challenge and to agree a unified approach to the session.

NEDs have also proactively sought to seek assurance beyond Board and Committee meetings. By way of example, we note that NEDs play a role in the monitoring of safeguarding at the Trust. Furthermore, NEDs 'walk the wards' with two annual visits per NED to departments and that they are also involved in the CQC-style Quality Review Visits.

Feedback from Executives and Non-Executives was positive on these matters, with many reflecting that the NEDs are good at driving improvements and that their approach has helped create a unified, factionless Board.

A.2.2 Board interaction and scrutiny from Non-Executives

The Board operates in a unitary manner and compares well with many organisations we work with. However, challenge from NEDs to EDs needs to be strengthened in our opinion and the Board would benefit from making new NED appointments to help bring more balance to the challenge and support dynamic at Board-level.

The cohesiveness of both the ED and NED groups, as well as the positive working relationship between the Chair and the CEO as discussed below, have a positive impact on the overall dynamics of the Board. We observed a unitary Board where all members work together in a collaborative, supportive and respectful environment. We did not observe any signs of factions on the Board and there was significant consistency during our Board member interviews. We also observed a friendly and constructive environment in meetings where Board members engaged in numerous discussions and there were some examples of NEDs asking probing questions across a number of topics. There were also a number of examples of EDs challenging each other during Board and Committee meetings.

It has been recognised by a number of Board members interviewed that Board unity has improved significantly over the last 2-3 years under the leadership of the Trust Chair to the extent that there is a strong level of trust, cohesion and unity throughout the Board. It is also acknowledged by a number of Board member interviews that the external challenges the Trust Board have faced together has had a positive impact on strengthening the bond as a Board. Overall, the level of unity compares favourably with many other organisations we work with.

However, whilst we have observed a number of examples of NED challenge during our review, our view is that scrutiny from some NEDs is measured and there is potential for more incisive initial and follow-up questioning when holding EDs to account.

Board Capacity and Capability

We noticed this issue in Board and Committee meetings observed, where there was scope for more inquisitive questioning in both public and private meetings. It was also apparent to us during individual interviews with NEDs where we felt there was scope for more balance between presenting the strengths as well as the development areas for the Board and the Trust.

In our view, the NED group would benefit from stepping back and refreshing the 'lines' between Non-Executive and Executive roles. As noted above, our interviews found that NEDs were appropriately inquisitive, but we believe that this does not always translate into insightful and value-adding challenge which maximises the effectiveness of the Board.

We understand that some NED terms are due to end during the coming year and believe that the NED group would benefit from the appointment of at least two new NEDs who could bring a fresh perspective to the Board and organisation.

R4: The Board should reflect on the respective roles of EDs and NEDs and consider whether the current balance between support and challenge is optimal.

R5: The Chair and NHSI should consider the need to appoint two new NEDs over the next 6-9 months to help bring a refreshed perspective to the Board. The skill set of new appointees should reflect the challenges the Trust faces over the next few years, particularly skills in partnership working as it moves towards the ACO.

A.2.3 Non-Executive Director visibility sub-Board

NEDs have a good understanding of the Trust agenda and are active outside of the Board room. However, there is scope for greater exposure to the divisional and directorate level through additional activities such as increased representation of divisions at Board level and potentially a NED buddying arrangement with divisions or directorates.

Whilst NEDs have a good understanding of the Trust agenda and are active outside of the Board room, including exposure to the wider organisation, our review indicated that Non-Executives do not have sufficiently high exposure to activities at the divisional and directorate level. This point has been acknowledged by some NEDs.

We are of the view that Board reporting does include significant levels of granular detail which allow NEDs to have an overview of performance meetings but they may benefit from more direct contact with the senior leaders at the divisional and directorate level. For example, our observation of the Board and Board Committees noted that divisional and directorate participation in these sessions is minimal and that, as such, there is less opportunity for direct NED interaction with the respective leadership teams. There are pockets of good practice in this area, such as the NED and divisional leadership attendance at PSIG and QSAG. However, this is not replicated consistently across the organisation and, in our view, NEDs would benefit from further exposure in this regard. Based on our experience of working with many other similar organisations, divisional leadership teams invariably value periodic direct contact with the Board and it can be a powerful tool in enhancing engagement and accountability at the divisional level. In this regard, we do note that the NEDs have recently re-introduced bi-annual, informal sessions with the divisional leadership teams.

R6: The Board should consider further mechanisms for enhancing Non-Executive visibility over activities at the divisional and directorate level, for example activities such as greater divisional representation at Board level or buddying arrangements with divisions or directorates.

A.3 Board leadership

A.3.1 Trust Chair and CEO dynamic

The Chair and CEO have very different styles but they are generally viewed by stakeholders as being complementary and forming the basis of a strong relationship. The Chair has also played a key role in unifying the Board over the last 3 years and is well respected amongst fellow Board members and external stakeholders. However, there is scope for greater challenge from the Chair to the CEO, similar to the supporting and challenging point discussed in A2.2.

Board Capacity and Capability

An important factor in a high-performing Board is an effective Chair/CEO relationship. There is universal acknowledgement by Board members that the Chair and CEO at the Trust have very different styles, with the Chair adopting a milder and less direct approach. However, there is also a consistent view from internal and external stakeholders that, although they have contrasting styles, the differences are complementary and form the basis of a strong working relationship.

We have observed challenge from Chair to CEO during our review, although the challenge is presented in a subtle and low key manner. A number of interviewees reflected that this approach provides a good foil for the CEO, with particular praise for the way in which the Chair is able to ensure that the CEO stops to reflect on matters and the due process required to progress them. It is clear the Chair is not afraid to offer challenge or express his views and interviewees were clear that the current Chair is the right fit for the Trust and the CEO. There is an understanding of the role of the Chair and we recognise that there have been no instances where he has strayed into the operation of the Trust.

NEDs also commented positively on the Chair's interaction with the wider cohort. We noted praise for this thorough approach to due process, with reference made to the way the Chair regularly shares information with the NEDs and the regular informal sessions that are held in advance of Board sessions. This approach enables collaborative working from the NEDs, ensuring that they act as a cohesive unit and present a unified approach at Board and Committee sessions.

A.3.2 Succession Planning

The Trust has taken a proactive approach to ED succession planning although there is a lack of candidates for some key roles. Given the level of NED challenge issues discussed in A.2.2 and A.3.1 above, we believe that plans should be made to facilitate the succession planning and refresh of the Non-Executive group over the next 6-9 months with two new appointments. The Trust should also consider a medium term succession plan for the Chair given his time with the Trust at over 10 years (8 years as NED, 2 years as Chair) is at the upper end of the tenure range.

As noted above, the Board is characterised by a number of long-standing members throughout both the Executive and Non-Executive teams. This has provided stability within the group, which we recognise, though it is important to also recognise that a number of core Executive and Non-Executive BMs are either approaching retirement or coming to the end of their terms.

The Trust's leadership team has acknowledged this risk and has drawn up initial succession plans for Executive roles, which were most recently refreshed in November 2015. However, it has been recognised by Board members throughout our interviews that there will be challenges in filling some key positions. For example, many commented that there is a possible lack of suitably qualified candidates for key roles, such as CEO, Chief Nurse, HR Director and CFO.

Such gaps leave the organisation exposed should departures occur in one or more of these core leadership positions. Given the importance of stability and team-fit at the Trust as discussed in A1.2, it is important that the Trust quickly addresses these potential executive succession plan gaps.

With regards to the Non-Executive team, we note that a number of terms are due to come to an end during 2017, although some members are eligible to remain in post for another term. We also note that the Chair's two year tenure was due to end in September 2016, but that this has recently been extended by NHSI for a period of six months.

As discussed above, we believe there is scope for a refreshed approach to the Non-Executive group. The upcoming end in tenure for certain posts presents a timely opportunity for the Board to review NED membership, to determine whether certain new or replacement appointments could be made to ensure that the cohort's skill mix and approach to scrutiny are appropriately balanced.

Board Capacity and Capability

We are of the view that the Chair is well placed to lead the Board through the short-medium term but that the Board and the Trust may benefit from a fresh perspective over the medium-longer term, given the Chair has now been in post for over 10 years which is at the upper end of the tenure range in our experience. With this in mind, the Board should consider a succession plan to manage the transition towards a change in leadership over the medium term. This plan should align with the Trust's aspirations to create an ACO.

See R5 above

R7: The Trust and NHSI should consider a succession plan to manage the transition in Chairmanship over the medium term.

R8: The Trust should ensure that there are more clearly defined succession plans in place to manage the transition in key ED posts over the medium to long term.

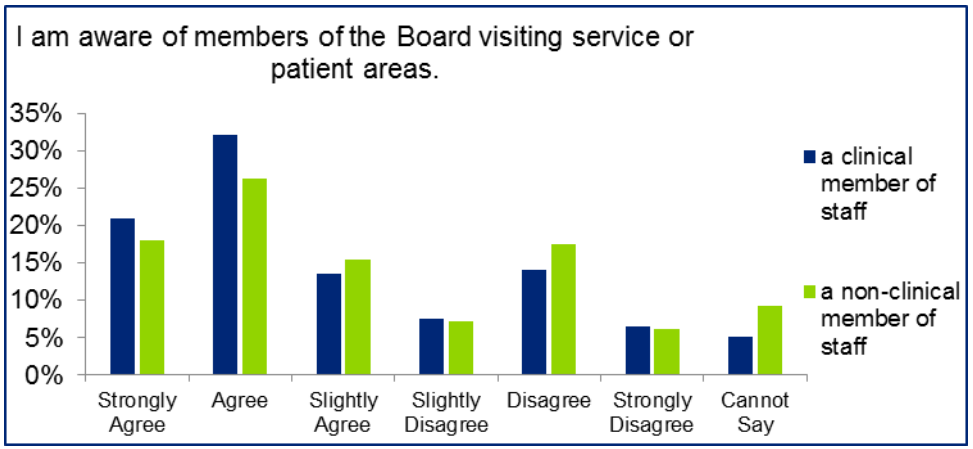
A.3.3 Stakeholder Engagement

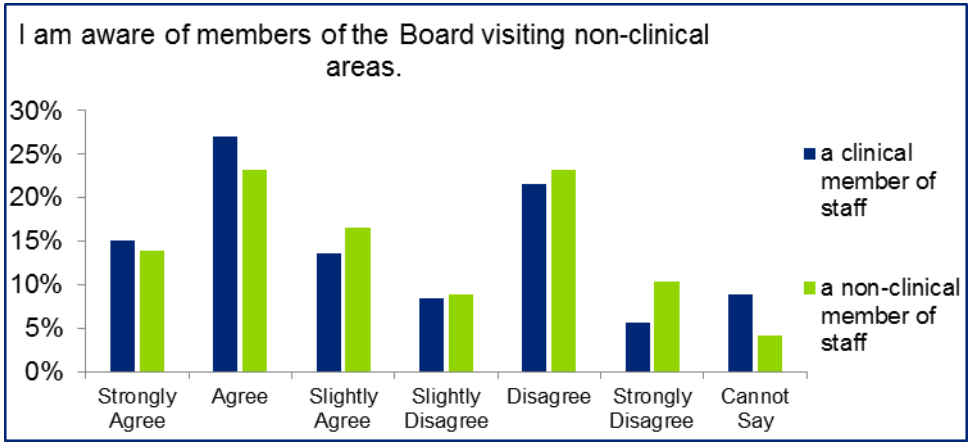
EDs generally enjoy high profile and visibility both internally and externally. The efforts of the Chair in forging external partnerships have also featured prominently throughout our review. However, there is a view amongst some external stakeholders that the Trust could at times be perceived to withdraw from developments if the direction of travel is not fully aligned with the Trust agenda.

A.3.3.1 Internal Engagement

The executive team were generally reported to have good levels of visibility throughout the Trust with various initiatives mentioned such as the ED drop in sessions. The results of our staff survey reflect positively on awareness of Executives across the organisation, with good awareness of Board members having visited service and patient areas. However, on the other hand, visibility within non-clinical areas of the Trust could be improved, with less positive results in this area.

The visibility of the Chief Nurse, the COO and the Medical Director was described as particularly high, with all well-known to their respective professional colleagues. We received positive feedback from a range of interviewees regarding the level of engagement garnered by the Medical Director. This was described as a real strength, with the MD well-respected throughout the Trust and particularly by senior medical staff.





In addition, the CEO is highly visible throughout the organisation. Whilst this interaction will naturally be higher amongst senior corporate and divisional management, our staff focus groups found the Chief Executive to be engaging and highly focussed on staff welfare at all levels. At the senior management level, all of those with whom we interacted reflected positively on their engagement with the Chief Executive, with common feedback with regards to his informal approach throughout the Trust. This level of informality is reflected through the executive team, with an open door policy adopted amongst all leaders and regular comments regarding informal discussions and briefings amongst the Executives.

Board Capacity and Capability

At a junior level, examples were given of the CEO engaging staff in conversation during the journey to work and stopping to engage with new starters on how they are finding life at the Trust. Although these are anecdotal in nature, they highlight a common thread in our activities of a highly visible CEO at the head of the organisation. This level of visibility and engagement with staff has developed a strong sense of loyalty to the Trust and the Chief Executive, both of which were evident throughout our conversations with senior and junior staff members. He is very much a familiar face throughout the organisation and this level of engagement compares favourably against other organisations with which we have worked.

There is a clear focus on staff welfare throughout the organisation, an approach that is embodied by the behaviours of senior leadership. This has resulted in a number of initiatives being implemented by the Trust, of which a notable recent example is the introduction of Schwarz Rounds to support staff with challenges linked to providing patient care. Initial feedback from these has been positive, with a feeling from staff and those running the rounds that these worked well. The focus on staff has recently been highlighted by the results of the latest GMC Trainee Survey, where RWT ranked tenth in the UK with the scoring for overall trainee satisfaction. Furthermore, the Trust ranked first in the UK for FY1 trainees regarding their clinical experience.

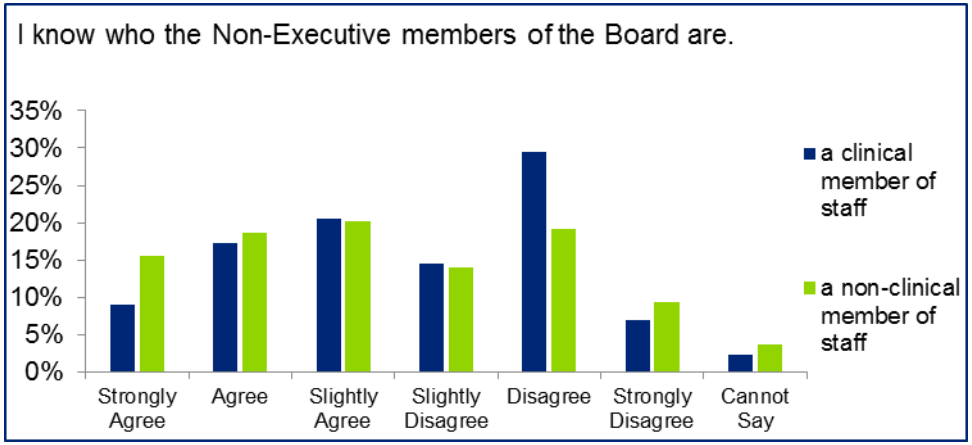
Although not a problem unique to RWT, staff recruitment and retention concerns have been highlighted throughout our activities. Staff, at a senior and junior level, reflected cautiously on this matter and recognised that efforts were being made to address shortages across both medical and nursing rosters. For example, we do acknowledge that the Trust, along with other NHS organisations, has recently engaged in a recruitment campaign in the Philippines.

However, feedback from some staff expressed concern that, whilst this had resulted in some recruitment, this was proving slow to result in a growth in staff on the ground. It is clear that staffing issues represent a key area of concern for staff, though there was no indication that this had created any cultural issues within the organisation and, although pressured, staff are proud to work at the Trust. Linked to this, there were numerous references made to former employees returning to the Trust as they view it as a better place at which to work. This is supported by the recent 'Chat Back' survey, with an 86% positive score in response to the statement 'I am proud to tell people that I work for The Royal Wolverhampton NHS Trust.'

The Trust's CQC report also reflected positively on the level of internal engagement. The report referenced an open and fair culture, with clear lines of responsibility and accountability. Staff commented to the CQC that they had good access to the leadership team and, in particular, to the CEO. Furthermore, when staff did have access to Trust leadership, they found them to be approachable. These findings are consistent with comments received throughout our review, with further corroboration evidenced through our staff survey, the Trust's internal 'Chat Back' survey and the most recent NHS Staff Survey. Notably, within the NHS Staff Survey, overall staff engagement at the Trust scored above the average for similar Trusts.

With regards to the NEDs, we acknowledge that their visibility is affected by contractual time constraints. Consequently, their wider organisational visibility has been limited to formal walk arounds. These constraints are evident in the results of our staff survey, where we note mixed feedback in relation to staff knowledge of NEDs and an indication that NED visibility across the Trust is, perhaps, inconsistent. Whilst we recognise the constraints, there may be scope for NEDs prioritising their time within the current parameters. For example, using some of the time set aside for fortnightly NED meetings to help enhance profile.

Whilst this represents an area for development, there are elements of recent good practice. For example, we understand that the NED cohort has recently re-introduced bi-annual, informal sessions with the divisional leadership teams. Feedback from the divisional leaders suggests this initiative is positively received.



Board Capacity and Capability

A.3.3.2 External Engagement

During the course of our review, we spoke with a range of external stakeholders, including: CCGs; local Health Watch representatives; and a local Member of Parliament. The feedback from these discussions are, in general, positive with regards to the level of external engagement displayed by the Trust and its leadership team.

External stakeholders were clear that the Trust is a strong performer that acts confidently and assertively within the Black Country and West Midlands systems. In particular, stakeholders referenced a strong group of EDs at the Trust and that they were driving forward initiatives in the region. Of particular note, was the feedback in relation to the Trust's willingness to engage and take decisive action on complex issues. The notable example here relates to the Trust's response to the dissolution of Mid Staffordshire NHS Foundation Trust. A number of external stakeholders referenced RWT's swift action in the transfer of services at Cannock Chase Hospital over to RWT. Particular praise was reserved for the way in which the CEO engaged with MSFT staff during this period, with early and positive engagement easing uncertainty for this group.

Further to the above, stakeholders commented positively on the Trust's involvement with the STP process, with the Trust found to be taking the lead on a number of initiatives in this field. Similar to this process, there was praise for the Trust's approach to new models of care and, specifically, to the development of the Vertical Integration / Accountable Care Organisation approach in Wolverhampton.

External stakeholders also reflected favourably on the role and approach of the Chair at the Trust, with those who had interacted with him finding his approach to be measured and calm. This presents a contrasting approach to that of the CEO, as we have noted in Section A1.2, but external stakeholders believed that provided an appropriate level of balance and that the Chair and CEO work well in partnership. The Chair's external visibility also received positive feedback from a number of stakeholders, with particular reference made to the Chair's strong links throughout the local community.

The CEO's tenure in post was acknowledged and stakeholders recognise him as a highly-driven and ambitious leader who has a strong reputation at both a regional and national level. However, at times, stakeholders felt that the combination of this drive and a frank approach could lead to challenging behaviours, consistent with those described in section A1.2 above.

There was a perception amongst a number of stakeholders that the Trust drive can at times be solely focussed on the RWT agenda. Certain stakeholders reflected that, when system-wide initiatives align with the aims of the Trust, they are wholly engaged and will often lead the particular process ahead of their peers. Examples included here include the Trust's involvement in STP planning and the complexities surrounding MSFT. However, should the direction of travel not be fully-aligned with that of RWT, there was a perception that they can slightly withdraw from developments in order to follow their own aims. Whilst stakeholders were clear that this has never been complete disengagement by the Trust, there is a belief that the Trust very much engages on its own terms.

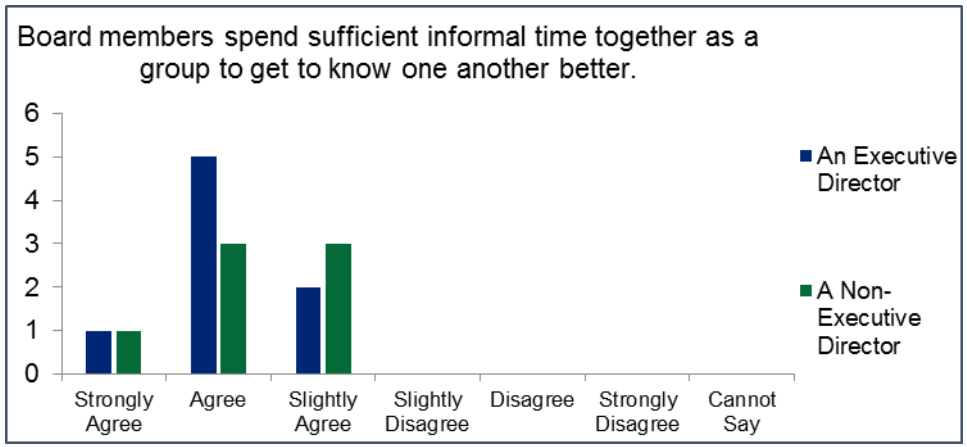
R9: The Board should reflect on the Trust's approach to partnership working in situations where developments are not necessarily fully aligned with the Trust agenda.

Board Capacity and Capability

A.3.4 Board Development

The Trust has a comprehensive Board development programme covering a range of topics and the results of our staff survey strongly indicate that the Board spends sufficient time together informally.

There is a clear Board Development programme in place at the Trust, with sessions taking place on a monthly basis. Interviewees reflected positively on these sessions, finding them a useful tool for the Board to informally discuss the detail surrounding key strategic developments. This is supported by the results of the Board member survey, with the outcome demonstrating a clear consensus in relation to whether the Board spends sufficient time together informally.



A review of the development programme notes a range of topics, with an appropriate split between Trust-specific matters and regional and national system issues. For example, specific consideration was given to: recruitment; the BAF; whistleblowing; raising concerns; and complaints. From a broader, system-wide perspective, the sessions have considered topics such as: STP planning; new models of care; and the Lord Carter Review. We note that not all sessions are internally facilitated, with a number of sessions provided by the Trust's Internal Auditor and legal advisors. Furthermore, we note that these sessions have also included opportunity for directorate and divisional leaders to present to the Board on key areas within their remit. The approach to Board Development at the Trust is well-managed and compares favourably against other organisations we have worked with.

Observations and Commentary

B. Board Governance

Board Governance

B.1 Board Committees

We have observed many areas of good practice in relation to the structure and operation of Board committees of the Trust and it compares favourably when benchmarked against other similar organisations. We have however highlighted a number of potential areas for refinement throughout our report for consideration.

During the course of our review we observed three key Board Committees: Finance and Performance Committee (F&P) on 7 September 2016 and 21 September 2016; Quality Governance Assurance Committee (QGAC) on 21 September 2016; and the Trust Management Committee (TMC) on 23 September 2016. We also observed two sub-groups of the QGAC, these being: Patient Safety Improvement Group (PSIG) on 26 August 2016; and Quality Standards Action Group (QSAG) on 2 September 2016. We have referenced our observations from these meetings throughout our report but also include a number of specific remarks below.

The Trust's committee structure is generally in line with good practice and we note no notable gaps with key areas covered. In addition, a recent review of committee membership conducted by the Trust highlights that NED attendance is in line with or exceeds the minimum requirements established in the respective committee ToRs. Each committee is NED-chaired and there is common NED membership across a number of committees. For example, in line with good practice, the Chair of the Finance and Performance committee is also an attendee of the Audit Committee. There are also common links between finance, quality and audit and feedback on good communication between the committee Chairs.

Furthermore, the NED-Chaired committees adopt a strong, assurance-based approach. An approach that is complimented by the use of sub-groups beneath each committee, which are in place to provide detailed review and scrutiny prior to items being received by the Board Committees. For example, the Trust has adopted this model below the QGAC, with the supporting, Executive-led PSIG and QSAG meetings taking place in advance of the Board's quality committee. These sub-groups allow for quality matters to receive a detailed examination and interrogation prior to reaching the QGAC, which subsequently enables the QGAC to take an assurance-based approach in their reporting to Board based on exception reporting from sub-group Chairs.

Representation of divisional leadership at Board committees received mixed feedback from both BMs and divisional leads. It is recognised that divisions do get an opportunity to present and report to committees. However, this representation largely focuses on one particular report or section of the wider committee. We received feedback from some NEDs that the committees and divisions may benefit from increased activities of this nature and greater exposure of divisional leaders to the broader committee sessions.

See R6 above.

B.1.1 Quality Governance Assurance Committee

Our observation of the Quality Governance Assurance Committee on 21 September 2016 highlighted a number of positive aspects as outlined below:

- The meeting was well-Chaired by the NED and, despite a challenging agenda and some detailed discussion, ran close to the forecast time. The Chair steered debate well, with a good flow throughout the agenda. There was an appreciation of areas that required attention and the Chair encouraged a good level of discussion between those present on these notable matters;

- The Executives present contributed well to the debate and, notably, contributed to debate across the various elements of the quality and performance portfolio. We noted some good inter-Executive interaction, with good understanding of issues across the organisation. As highlighted during our interviews, there is a strong corporate director approach at the Trust, with cross-portfolio awareness evident at this particular committee;

- The committee receives clear exception reporting from the quality sub-groups, PSIG and QSAG, in addition to full sub-group minutes. Notable matters are reported through the respective Chairman's report, which represents an element of good practice; and

- Further to this, our review of prior meeting packs and minutes found consistent levels of discussion across the key Quality areas. In particular, we note minutes of detailed discussion in relation to the IQPR, the BAF and the TRR.

Board Governance

However, we also noted certain areas for development, including:

- Although there was a consistent level of NED challenge throughout the session, this was inconsistent in its approach. At times, the challenge was insightful and led to good discussion with the EDs present. In other instances, we noted quite detailed challenge into immaterial or tangential areas of the debate. The Chair sought to manage this and, in general, was able to do so. However, we feel there is scope for more insightful and targeted challenge into the key areas of risk;

- During our observation of the F&P Committee, we noted detailed discussion in relation to the Trust's CIP schemes and achievement against these, with clear reporting in this regard. However, the Quality Committee includes little related discussion on Quality Impact Assessment and monitoring of CIPs from a quality perspective. Whilst we do acknowledge that QIA does take place for all schemes, we believe the committee would benefit from greater sight of developments in this area;

- The IQPR is a key document for the committee and the committee conducted a detailed review of recent performance. However, this was conducted as a run through the document on a page-by-page basis. We acknowledge that this included a range of important metrics, but feel that reporting and subsequent debate could be made more insightful by adopting an exception reporting approach; and

- The Medical Director was unable to attend the observed meeting and there was no deputy present at the meeting resulting in minimal medical representation. (see A.1.3).

B.1.1.1 Quality Committee sub-groups

As noted above, as part of our review activities, we also observed sessions of the sub-groups to the QGAC, these being: QSAG and PSIG. Our observations highlighted a number of areas of good practice, including:

- The meetings were well-Chaired by the Chief Nurse and Medical Director respectively, with good time management to ensure appropriate flow and consideration throughout the agendas;

- The Quality Review Visit updated at QSAG was well-presented by the review lead (Clinical Nurse Specialist), with the report providing the committee with a good insight into the review process, subsequent findings and ratings awarded. Challenge around this presentation was good, being led by the CN and MD in particular;

- The committees make use of an 'Issues of Significance for Escalation' section at the end of each session. We recognise this as an area of good practice, with this section providing an opportunity for the committee to summarise discussions from the session and identify those to be escalated through the Chair's report to QGAC;

- Linked to the above, each group conducts an 'Evaluation of the Meeting' at the end of each session. Although brief, this represents an area of good practice and was used by the group to highlight elements that worked well and those that could be developed; and

- Each of the groups had good levels of attendance from the Divisional Leadership teams or their deputies. Both divisions made strong contributions to the debate, providing appropriate responses and clarification where required.

However, across the two sub-groups, we also noted some areas for development, the most notable of which are:

- A number of presentations to the sub-groups involved the presenter simply reading the information provided, with minimal insight into the context behind recent performance. The group would benefit from more insight and dynamic reporting, in order to draw out the material points for discussion as a collective; and

- There were certain instances where issues being reported by particular divisions have been common occurrences over recent years. For example, poor completion of the WHO Checklist by the Emergency Department; and poor performance on Resus equipment checks. There appeared to be a lack of accountability with regards to these matters, with sub-groups seemingly unable to drive this through monitoring or challenge against action plans in place.

Board Governance

B.1.2 Finance & Performance Committee

We observed the Finance & Performance Committee meeting on 7 September 2016 and 21 September 2016 and would highlight the following positive aspects:

- Management of the agenda by the Committee Chair was good, with effective time management and consistent discussion across key agenda items. The sessions ran to time, but this was not to the detriment of debate, with some detailed discussion into key areas;
- A number of papers presented were clear and included a range of a good analysis. For example: the Supplementary Outturn report; and the recently-refreshed Trust Efficiency Programme Group Summary Report;
- There were some examples of good initial challenge during the session, with notable examples across the Supplementary Outturn Report and the CIP report. NEDs raised a number of pertinent questions throughout the session, with a good level of exchange between NED and ED attendees and reasonable contribution made by all members of the committee; and
- Responses from EDs were clear, concise and demonstrated a good level of transparency. The financial position of the Trust was acknowledged and well-reported, with clear appreciation for the underlying position and possible financial scenarios.

However, there were a certain matters observed at the committees which have an impact on its effectiveness, such as:

- The Terms of Reference of the committee is to cover financial and external performance targets of the organisation. However, during the meetings observed, discussion was finance-centric. Though a paper is regularly presented in relation to national operational performance targets, this received minimal attention at the sessions observed and there was little challenge from the NEDs; and
- Whilst we acknowledge that challenge was forthcoming from the NED committee members, particularly from the Chair, we observed instances where the initial challenge was not then followed up in light of the respective Executive's response. For example, scrutiny of the Financial Outturn report could have been taken to the next level.

B.1.3 Trust Management Committee (TMC)

We observed the Trust Management Committee on 23 September 2016 and noted the following positive elements:

- TMC is a well-attended meeting, with twenty four individuals present at our observed meeting, with all staying for the duration of the session. Furthermore, there was balance between clinical and corporate attendees, alongside good attendance from the divisional leadership teams;
- The meeting was well-Chaired by the CEO, with good pace throughout the heavy agenda, good summarisation of points and clear deference to the wider group where consensus/approval was required. Furthermore, the Chair demonstrated excellent knowledge across the operations of the Trust, often presenting a more detailed awareness of matters than others at the meeting. There was also a good atmosphere at the session with a light-hearted approach taken when probing points of detail;
- The structure of the meeting assisted the quick pace and worked well, with the agenda structured around core updates from the various EDs. Information was presented on an exception reporting basis, which aided progress through the agenda; and
- There was a regular reference made to patients and patient safety, particularly by the Chair. For example, in reference to the ACO initiative, the Chair commented that this presents 'a chance to make a difference for the people we serve'.

However, there were a certain matters observed at the committees which have an impact on its effectiveness, such as:

- Any notable questions were raised by the CEO, with no notable instances of inter-Executive challenge or debate. Where points were raised, these were largely made to provide further detail in support of the initial updates given. As such, the meeting presented a sense of reporting-in to the CEO, rather than an opportunity for discussion of key matters amongst senior leaders. We perceived the session as a performance review opportunity for the CEO, with minimal consideration of agenda items by the group as a whole;

- Throughout the session, regular reference is made to items having been previously discussed, in detail, at prior sub-groups or committees across the Trust. As may be expected, there is a lot pre-work and debate before arriving at TMC, meaning that this session acted as a rubber stamp for certain items. Our interviews and additional observations have confirmed that the detailed debate is taking place, though it is unclear whether all at the meeting will have been apprised of the details and decisions taken. Linked to the above, this means that discussion at the TMC is minimal and this can lead to a perception that items are being 'nodded through' by the group, with no amendments or suggestions raised for any of the items received.

R10: The Board should consider the various observations made throughout section B.1 in relation to potential refinements to the operation of committees.

B.2 Board Reporting

The quality of Board reporting is mixed, with some elements of good practice and some areas that would benefit from improvement. High-level feedback from interviews suggests that Board papers as a whole are onerous, with a variety of lengthy reports received on a regular basis. Furthermore, interviewees reflected that the reporting of certain items to various forums leads to a degree of duplication, with the reports reviewed and discussed numerous times prior to reaching the Board.

We have conducted a review of the key documentation presented to Board and Committee meetings. The overall objective is to assess the suitability of the tools furnished to the Board to conduct its business. We outline below our views on areas of best practice and some potential areas for refinement with regards to financial, quality and operational performance reporting.

Across all aspects of performance, we received consistent feedback regarding the high level of reporting required across the organisation. Interviewees at Board, Divisional and Directorate level Trust reflected the reporting requirements at the Trust can be onerous, with multiple reports requiring the attention of the respective leadership teams. The heavy reporting requirements impact on leadership time and, also, lead to heavy reporting packs for the various sub-group, committee and Board sessions.

Furthermore, we received feedback that a significant number of these reports are required to be reported, in slightly different formats, at various sub-groups and committees. This leads to a sense of duplication, particularly for divisional leadership teams. By way of example, the duplicative reporting can mean that divisional leaders have reported performance a number of times prior to their quarterly Divisional Accountability Agreement (DAA) meeting. This renders the discussion at these quarterly meetings less impactful, as many of the attendees have previously discussed these issues and any action plans in place.

B.2.1 Financial Reporting

The Trust's financial performance has been good in recent years but the Trust faces significant challenges in order to meet its control total requirements in 2016/17. As part of our review, we have reviewed recent finance reports presented to the F&P committee and the Trust Board. Our review identified a number of good practice elements to the report, including:

- An appropriately detailed summary section, which highlights key financial performance through a mix of graphical and narrative analysis;
- The inclusion of a front page overview that provides and sets out high-level financial performance; and
- A series of sub-sections that are appropriately split between graphical analysis, financial data and explanatory narrative.

Board Governance

However, having reviewed recent examples of the report, our view is that there are a number of areas where the report could be improved, particular for those readers who do not have a finance focus. Notable areas for development include:

- A need for greater contextualisation and story-telling throughout the report. The current format is not overly reliant on narrative, which is positive, but the narrative included could be more focussed on the reasons for variance against financial plan and forecast.
- Linked to the above, the report narrative could do more to clarify the risks arising from recent performance and any mitigating actions that have been put in place to address these matters;
- Scope for improved links to be made between finance and operations. Although activity data is included within the report, the method of presentation does little to make the link between operational trends and financial variances; and
- CIP progress is a key area of focus and regular consideration is given to this matter at the F&P Committee, although to a lesser extent at Trust Board. However, the reporting included is brief and could be improved to include, for example, information relating to current actions in place, those in development to address under-achievement and a forecast of their likely level of success.

Although there is scope for these improvements to be made, we do acknowledge that discussion of the report at the F&P Committee was open and well-rounded. Committee members recognise the financial pressures being faced by the Trust and the CFO was open with the current position and the related level of risk. Figures were frankly discussed, with an appreciation of the underlying financial position of the Trust.

B.2.2 Quality and Operational Reporting

Quality and operational performance metrics are reported through the organisation's Integrated Quality Performance Report (IQPR), which also covers workforce performance. The report is split across the three areas, though greater weighting is given to quality and operational performance reporting. We have reviewed recent IQPRs presented at both Committee and Trust Board level. Our review identified a number of good practice elements to the report, including:

- The IQPR includes a clear Executive Summary, through which key performance measures and movements are highlighted in advance of the detailed graphical analysis. This includes a summary for each of quality, performance and workforce, with the quality section particularly strong in the way it splits headlines between those that are 'positive' and 'negative'. However, we do note that this approach is not consistent with the format used for performance and workforce;
- The report follows a consistent format across each of the three core sections, with a good mix of graphical, tabular and data reporting used to present recent performance trends. The format adopted is clear, with RAG ratings used throughout the report to highlight hotspot areas; and
- The analysis included across the report provides a good level of focus on historical performance and trends, with consistent reporting against the prior quarter or prior twelve months.

However, we also note a number of examples where the IQPR could be improved, particularly with regards to the level and quality of narrative that is included. Those particularly notable areas for development include:

- A lack of impactful supporting narrative throughout the various sections of the report. Whilst narrative is included for the majority of metrics, this lacks context and fails to tell the story of recent performance trends. In its current format, the report narrative focus is largely factual and data-driven, referring to levels of performance and failing to answer the 'So What' question. The report would benefit from narrative that clarifies reasons for performance and steps that have been taken to address these matters;
- Linked to the above, the report also lacks consideration of the risks associated with recent or historic performance trends. The report could be improved through an approach that considers performance cause, performance risks and subsequent mitigations developed to manage the risk. Providing this information within the report would allow the respective sub-group, committee or Board members to take greater assurance that performance concerns are acknowledged and are receiving appropriate attention. In conjunction with this, the report could be developed to include improved forecasting, to present possible performance should mitigating actions have their intended impact;

Board Governance

- The report would also benefit from the inclusion of benchmarking, at local, regional and national levels. For example, we understand that the Trust has recently faced challenges with regards to A&E 4hr performance. Although still below the 95% target, recent improvements have seen RWT placed in the Top 10 nationally for this metric. However, such context and benchmarking is not included within the IQPR. Benchmarking could provide insight for sub-committees and the Board, which may lead to the identification of new approaches or peers from which the Trust can learn to improve its ways of working. and
- There is scope for improved granularity across the report, particularly in relation to quality and operational performance. In the current format, reporting is aimed at the Trust-wide level. Whilst there is some reference to divisional workforce metrics, the quality and operational sections include minimal information regarding performance at divisional or directorate level. The inclusion of some information in this regard would allow the reader to identify clear hotspots of performance, rather than being presented with a red indicator with little clarification of which areas are driving negative performance trends.

B.3 Data Quality & Information

Data quality practices are well embedded at the Trust with an up-to-date Data Quality Policy, a dedicated Data Quality team and divisional data quality leads. There has been strong results in Internal Audit reviews although we note the Trust does not make use of data kite-marking.

The Trust has a long-standing Data Quality Policy in place, which was most recently refreshed in September 2015. One of core key aims of this policy is that 'the Trust will aim to achieve 100% accuracy with all data collected'. In pursuit of this, the policy established an Activity and Data Quality Sub Group, which holds responsibility for the implementation of the policy's objectives. There were no qualification in the most recent set of Trust Quality Accounts (2015/16).

Linked to this, the Trust has a dedicated Data Quality team. Furthermore, the policy requires each of the divisions to assign a data quality lead, in order to provide a clear line of communication into the central quality team. The policy outlines the approach to various local and national data requirements, with links provided to further detail. There is also reference to data quality training, with this being available to the data quality team and wider Trust staff.

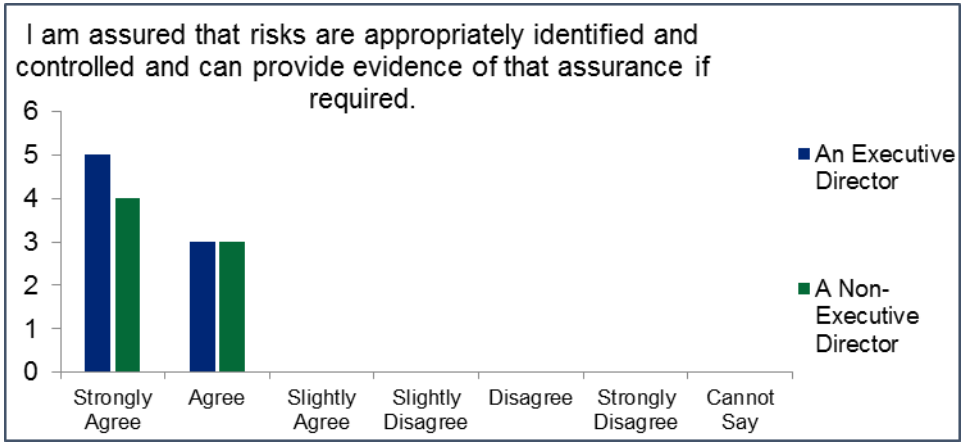
This approach exhibits a number of areas of good practice and has resulted in strong results in recent Internal Audit reviews. For example, a review into Cancer Waits Data Quality, in June 2015, resulted in a 'substantial assurance' conclusion.

Though the Trust's policy and approach contains a number of elements of good practice, we note that the Trust does not make use of data kite-marking. This represents an area for improvement and we recommend the introduction of a kite-marking tool, in order to clearly identify the level of assurance that can be placed on particular figures. This is a notable area of good practice and will allow the Trust to regularly track developments in data quality.

B.4 Risk Management

Risk management at the Trust is mature with clarity at both Board and operational levels regarding respective roles and responsibilities in relation to risk management. We have also observed many areas of good practice in relation to Trust use of the BAF, TRR and RMS. It is acknowledged that there is scope for further development in relation to the embeddedness of risk management practices at the operational level.

Our Board survey recorded positive results with regards to Board member clarity on the role of the Board and its committee in relation to risk management, including the BAF.



Board Governance

The BAF and TRR featured across all observed Board and Committee meetings and we noted them being used to consider key risks and responses on an exceptions basis. We have reviewed the quality of these key tools as well as the Risk Management Strategy to gauge how they compare to best practice. We outline our findings below but overall the quality of the tools compare well to other organisations and they appear to be well embedded across the organisation.

B.3.1 Board Assurance Framework

The Trust's BAF details the principal risks to meeting Trust strategic objectives, sets out controls to mitigate these risks and details assurances on the effectiveness of these controls. The BAF provides a starting point for the Trust Board to record risks affecting strategic objectives, providing a high-level tool that interfaces with the TRR and local risk registers.

We acknowledge that the Trust has done a range of work around the BAF, with the aim being that the tool is more user-friendly and appropriately linked through to the Trust's strategic objectives. As part of this development, the Trust is also looking to implement KPIs that enable the Board and its committees to identify when a particular set of actions are working well, rather than simply using metrics to highlight areas of under-performance.

We have reviewed a recent version of the BAF, comparing it against other Trusts with which we have worked, and highlight the following areas of good practice:

- Each risk is clearly aligned to the Trust's Strategic Objectives, with each risk also assigned to a particular Executive lead;
- Updates on each risk are appropriately detailed, with key controls, assurance and gaps outlined through the document; and
- Outstanding gaps are addressed by the inclusion of details for any related action plans.

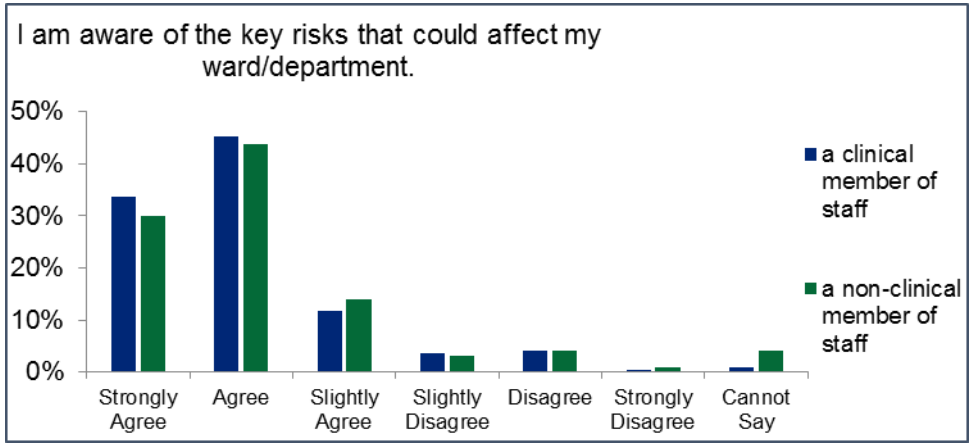
We have also identified a number of areas where there is scope for improving the BAF, including:

- The completion of control gaps and actions plans is inconsistent across the BAF. Some sections, such as that for Strategic Risk 1, are well documented and provide an appropriate level of detail. Others, such as Strategic Risks 4, 6 and 8 are less detailed and include only high-level information on related actions; and
- A number of documented action plans are overdue. However, there is no information included to clarify why this is the case and no further documentation of how this delay will be addressed.

Our Board meeting observations highlighted various risk based discussions although the distinction between the BAF and the Risk Register was not always clear.

B.3.2 Trust Risk Register

The Trust operates a Trust-wide risk register (Datix), with various registers held from ward to Board. As outlined in the Trust's Risk Management Strategy, risks are identified at ward/directorate level and are rated in line with the standard impact/likelihood categorisation matrix. Our staff survey highlights good awareness of local risks, with a substantial majority responding that they were aware of the key risks that could affect their respective ward/department.



Board Governance

Our interviews indicate that responsibility for managing these risks is held at local level, with challenge over scoring and subsequent mitigating actions taking place through the divisional group performance sessions. Interviewees commented that risk identification and management is generally strong across the Trust, with a low level of risk register misuse or misinterpretation. We understand that there has been a drive across the Trust to ensure the practical application of risk management tools in line with policy.

As noted in the Risk Management Strategy, all risks graded at a score greater than 12 will automatically be included the Trust Risk Register (TRR), which is monitored through the Board and its committees. The TRR is considered by the Board on a regular basis and is reviewed monthly by the various committees. Furthermore, we note that the TRR is clearly aligned to the Trust's strategic objectives and that each risk is mapped to one of the CQC Fundamental Standards.

In line with the Trust's Risk Management Strategy, we understand that the Trust's aim is to make divisions and directorates more accountable for the risks raised within their areas. At this level, risks will be reviewed and monitored through the Divisional Governance meetings, Divisional Accountability Agreement meeting and, at Directorate level, through group/directorate governance meetings. Interviewees commented that although risk registers function well at this level, there is work to be done in relation to making assurance and controls more evidence-based.

The TRR reported to the Board is clearly presented, with key risk additions, removals and updates noted through an Executive Summary. The detailed TRR contains a number of elements of good practice, including:

- The alignment of each risk to an ED lead; and
- Clear presentation of how each risk is being managed, how mitigation will be evidenced, any remaining gaps or evidence that the mitigation is not working effectively and any subsequent actions to be put in place.

B.3.3 Risk Management Strategy

The Trust has developed a Risk Management Strategy, which was most recently reviewed and updated in March 2015, with formal review taking place every three years. The latest review underlined a number of key development areas, including: the launch of internal quality review visits; alignment of KPIs with the CQC Fundamental Standards, Trust Objectives and key delivery indicators received by committees; and the use of risk registers. In light of these development points, the Trust devised an implementation plan to make the necessary adjustments. The accountability for Risk Management and the relating framework sits with the Head of Governance and Legal Services. However, we understand that the portfolio of this post is broad and that the Trust does not have a separate, distinct Risk Officer to lead on the day-to-day process.

Respondents to our staff survey indicate good understanding of how to identify and escalate risks and are aware of key risks in their areas. Further to this, all Board members responded positively to the survey around whether risks are appropriately identified and controlled at the Trust.

Our review of the Risk Management Strategy found it to be well-established and theoretically advanced. The strategy is aligned to the Trust's over-arching objectives at a high-level, whilst also providing appropriate levels of detail relating to the specific elements of the risk management structure. The role of the various organisational levels is clearly presented, as is the escalation and assurance process up and down this structure.

Board Governance

The Risk Management Strategy also includes good practice areas in relation to 'Sharing Lessons' and 'Action Tracking'. These seek to make the link between risk management and ensuring improvement. This provides an important closing of the loop regarding any identified risks, to ensure that the organisation has addressed risks in what the strategy describes as 'a holistic manner'.

In addition, throughout the strategy document, regular reference is made to the Trust's aim of applying a coordinated and integrated risk management approach. The aim of this being to enable better alignment between service delivery outcomes, patient outcomes and Trust objectives. The strategy sets out a number of high-level aims, one of which is the delivery of clear accountability demonstrated in practice. We understand the intention is for divisions and directorates to take ownership of their risk management, feeding key matters up through the escalation framework. In general, this works well, though we understand that this has not been wholly successful. Interviewees made reference to a need for greater accountability at divisional and directorate level, to ensure that application in practice is aligned with the strategic theory.

R11: The Board should consider the various observations made throughout section B.3 in relation to potential refinements to risk management tools.

Observations and Commentary

C. Divisional Governance and Leadership

Divisional Governance and Leadership

C.1 Divisional leadership and structure

The divisional leadership model at the Trust has been in place for eleven years and it is acknowledged by Board and staff members to be a mature arrangement with a clear commitment to divisional autonomy and accountability. The Trust is an outlier to other similar organisations with only two clinical divisions although this is recognised and likely to evolve as the Trust goes down the ACO route.

The Trust has two core divisions, Division 1 (Surgery) and Division 2 (Medicine). The leadership team for each division is comprised of: a Deputy Chief Operating Officer; two Divisional Medical Directors; a Head of Nursing; and a Head of Midwifery (Division 1 only). The DMDs and DCOOs report into the MD and COO respectively, while the Heads of Nursing report to the COO from a line management perspective but also the Chief Nurse professionally.

The divisional structure has been in place for eleven years and it has been acknowledged by Board members and staff alike that the divisional approach is mature, with a clear commitment to divisional autonomy and accountability. Our interviews across the Trust provided consistently positive feedback with regards to the Divisional Leadership teams, with a clear perception that they act on agreed upon positions as a unit.

Each division has 15 directorates reporting into it, largely speciality based, and the leadership structure of each directorate is similar to the divisions with a Clinical Director; General Manager and Matron triumvirate. As with the divisional structure, this leadership approach is well-established and we understand that a substantial amount of work has been undertaken to clarify and strengthen the directorate leadership roles.

With only two divisions, the Trust is atypical for an organisation of this size, as the number is generally in the region of three to five clinical divisions. Too few divisions can place a significant burden on the divisional leadership teams if they have responsibility for overseeing an excessively large number of directorates. We understand the Trust compensates for this challenge by having two DMDs, although we further understand that there are capacity constraints on those individuals given the combination of clinical and divisional leadership responsibilities.

However, there is a recognition by the Trust that further growth could place a strain on this long-standing two-divisional structure and it is anticipated that the Trust will need to revisit organisational structure as it progresses the Vertical Integration / Accountable Care Organisation initiatives.

R12: The Board should consider the appropriateness of the current number of divisions as the Trust is currently an outlier relative to similar organisations.

C.2 Divisional and directorate governance

The Trust has introduced a range of best practices in governance across both divisions and directorates which provide a level of standardisation whilst allowing flexibility to meet the requirements of specific areas. It is recognised that there is further leadership development required to ensure that the governance structure is consistently applied across the directorate structure.

C.2.1 Standardisation of governance

The Trust has undertaken significant work with divisions and directorates to strengthen their approach, policies and procedures. In particular, we note development in relation to incident reporting, risk identification and risk escalation. Furthermore, there has been improvement in relation to the way through which divisions and directorates follow-up on Serious Incidents. Central to this work has been the steer towards standardised process and procedure across the organisation. The divisions and directorates make use of guide terms of reference, standardised agendas and consistent Integrated Governance reporting templates. To aid directorate-level engagement with this process, a Band 5 governance officer has been assigned to each directorate. We draw this example out as a particular element of good practice and a clear indication of the Trust's focus on ensuring that governance arrangements are consistent throughout organisation.

Divisional Governance and Leadership

Whilst there are strict guidelines within which the divisions and directorates must operate, there is a level of flexibility to ensure that the approach fits the particular requirements of divisions. For example, each Division has autonomy over the running of governance and business/performance meetings, in line with standardised terms and agendas referenced above. In general, each division splits these sessions between a Governance meeting and a Finance/Business meeting. We received feedback that this approach had previously resulted in some silo working within the divisions, with little multidisciplinary review taking place. However, we understand that this has recently improved, with a greater level of integration evident within both divisions.

C.2.2 Performance management

Divisions are held to account through a range of forums, the most prominent of which are: monthly Operational Finance meetings; and the quarterly DAA meetings. It is worth noting that the format of the DAA is currently under review internally, following divisional feedback that there were too many forums for review. Feedback from our interviews is largely consistent with the headline comment above, although we do note that Executives and Senior Management have said they find the DAA meetings productive. We received feedback that they are seen as constructive, productive sessions, as opposed to an intense question and answer for the divisional leadership team.

We understand that performance/accountability sessions take place for each professional grouping. There are regular review meetings in place between the Chief Nurse and Senior Matrons across the two divisions, with feedback that these are productive and follow a structured approach. Similarly, we understand the Chief Operating Officer holds regular update meetings with the Deputy COOs and Directorate Managers. However, the approach for Medical professionals is less formal, with an ad hoc approach to meetings between the Medical Director and Senior Medical staff. Although Senior Medical staff raised no concerns with this approach and meetings do appear to take place on a regular basis, this represents an area where consistency across the professional lines could be improved by the Executive triumvirate.

See R2 & R3 above

Each division is responsible for holding the directorates to account for delivery. This is done through the Quality Assurance meeting in Surgery and the Performance meeting in Medicine.

C.2.3 Internal Audit review of governance

The Trust commissioned its Internal Auditor (IA) to conduct a review of Divisional and Directorate Governance, the report for which was published in August 2016. On the whole, the report concluded positively on the structures and processes in place across the two divisions, with a final rating of 'Reasonable Assurance' given. Key areas of good practice highlighted by the report in relation to the divisions include:

- Each Division has a Governance Strategy in place which details the governance arrangements, roles and responsibilities, Terms of Reference and standard agendas for the Divisional and Directorate Governance Committees;
- The Quality Assurance (Surgical) and Performance (Medical) meetings provide 'check and challenge' to the Directorate Governance Committees to assess compliance with the governance arrangements and ensure they are working effectively in line with the Care Quality Commission (CQC) five domains. The Deputy Chief Operating Officers (Surgical and Medical) are members of the Divisional Governance Committees and lead on the Quality and Performance meetings.
- The two Divisions (Surgical and Medical) report to the Trust Management Committee in a standardised and consistent manner for reporting purposes.
- From the meeting observations performed during the audit, IA observed sufficient challenge, holding individuals to account for actions, risks being discussed and challenged and individuals from the Directorates attending the meetings (when invited).

Similarly, the IA report included a number of specific findings with regards to Directorate governance, including:

- Certain Directorates are working to separate Terms of Reference outside of the Governance Strategy and are not aligned to the broader division;
- In some cases, quoracy is not always achieved at Directorate Governance meetings; and
- Directorate Governance meeting agendas do not always fully comply with the Trust's Governance Strategy.

Divisional Governance and Leadership

C.2.3 Internal Audit review of governance (continued)

Whilst these points are not individually or cumulatively material, they further support the above conclusions relating to a lack of consistency in the governance arrangements across the sub-divisional structure of the Trust. This has been acknowledged by Trust leadership and, in light of this, we understand that the Trust is looking to implement a range of medical and leadership development, further details of which are outlined and assessed in the section below.

C.2.4 Consistency of approach

While the general approach to directorate leadership is sound, there are pockets across the Trust where there is scope for further leadership development across directorate teams. This has been acknowledged by the Executive and Divisional leadership as an area for improvement, with a clear focus now being placed on ensuring that all directorate teams are consistent in relation to: ownership; clarity of leadership roles; displaying and living the Trust's values; empowerment and autonomy as a directorate triumvirate; and accountability and ownership of their performance.

During interviews, we received feedback that more could be done at divisional level to ensure that their directorates are adopting a consistent approach. A notable example of this was highlighted in relation to the identification, monitoring and implementation of CIP schemes. As with many NHS organisations, CIP schemes are a key area of pressure. Whilst not widespread across the Trust, we observed some instances where there was lack of directorate buy-in to the CIP process. In some ways, this is linked to points raised above and the Trust are aware of the need to ensure appropriate buy-in to fully embed CIP development across the organisation.

In light of these points, the Trust's leadership team have identified a need for a full organisational development approach, to support leadership teams and individuals throughout the Trust. Ultimately, the aim of any organisational development will be to develop and embed accountability and ownership at the local level, with a move towards more focussed support for certain directorates.

C.3 Leadership Development

The Trust takes a proactive approach to leadership development with a range of opportunities available to staff at all levels of the organisation. This includes support to embed the application of governance and leadership structures; a range of formal qualifications and a number of broader clinical development initiatives. However, there is scope for improving the succession planning for senior clinical leadership roles at the Divisional and Directorate levels.

The Trust is looking to put in place a range of Medical and wider leadership development programmes. In some cases, these are being developed to strengthen and embed the practical application of governance and leadership structures throughout the organisation. However, our interviews and documentation reviews have found that the leadership development at the organisation is not purely reactive and that it is well-embedded throughout the Trust.

We acknowledge that there has been a wide range of leadership and management skills training opportunities arranged, with these aimed at supporting development of divisional and directorate leadership teams. For example, we are aware of a relatively significant number of individuals that have completed, or are in the process of completing, MBA qualifications. Furthermore, we understand that a number of staff have completed Masters qualifications or individual Masters modules.

In addition to formal qualifications, the Trust has also engaged with a number of broader development initiatives, such as: their Clinical Fellow Programme, in partnership with the Academic Institute of Medicine and the University of Wolverhampton; the RWT Apprenticeship scheme; and the Medical Development Programme, in partnership with University Hospitals Birmingham NHS Foundation Trust.

Taking a broader view, these examples sit within the context of the Trust's Education and Training Strategy. Developed in 2008, but most recently refreshed in 2014, this strategy sets out a number of key aims for the development at the Trust. The strategy itself contains a number of areas of good practice and is due to be reviewed in 2017.

Divisional Governance and Leadership

C.3 Leadership Development (continued)

Our staff focus groups also reflected positively on the level of development opportunities made available to staff across the Trust. Staff at matron level commented the access they had been given to further learning through post-graduate modules and a number of staff members praised the array of internal learning and development opportunities provided by the Trust. When the above points are taken into consideration, it is clear that the Trust compares well against other organisations with which we have worked and their focus on development is an evident area of good practice.

One area for improvement relates to the development of senior members of staff into leadership roles at Directorate and Divisional level. During interviews with staff, we were made aware that succession planning at these levels is inconsistent across the professional groups. In particular, we note a lack of depth for medical leadership roles and, in particular, for the role of Divisional Medical Director. We understand that there is a perception amongst senior clinicians that these roles are not prestigious and that, as such, there is a lack of interest in developing into these roles. Whilst this matter is not unique to RWT, more could be done to engage with senior clinicians and develop interest in the divisional posts. The same can be said for the role of Clinical Director as, whilst there is not a lack of interest, there is a perception that senior clinicians are not fully engaged and that the role is simply filled on a rotational basis by the next person in line.

Summary of Recommendations

Summary of Recommendations

Ref.	Recommendation
R1	The CEO should further reflect on his personal style and in particular the potential impact his strength of character and impulsive and honest style may have on internal and external stakeholders.
R2	The Trust should consider a more formal approach to the Medical Director's role in relation to the performance management of senior clinicians and ensure regular medical representation in performance review meetings and Board and Committee meetings.
R3	The Trust should consider the appointment of a Deputy Medical Director.
R4	The Board should reflect on the respective roles of EDs and NEDs and consider whether the current balance between support and challenge is optimal.
R5	The Chair and NHSI should consider the need to appoint two new NEDs over the next 6-9 months to help bring a refreshed perspective to the Board. The skill set of new appointees should reflect the challenges the Trust faces over the next few years, particularly skills in partnership working as it moves towards the ACO.
R6	The Board should consider further mechanisms for enhancing Non-Executive visibility over activities at the divisional and directorate level, for example activities such as greater divisional representation at Board level or buddying arrangements with divisions or directorates.
R7	The Trust and NHSI should consider a succession plan to manage the transition in Chairmanship over the medium term.
R8	The Trust should ensure that there are more clearly defined succession plans in place to manage the transition in key ED posts over the medium to long term.
R9	The Board should reflect on the Trust's approach to partnership working in situations where developments are not necessarily fully aligned with the Trust agenda.
R10	The Board should consider the various observations made throughout section B.1 in relation to potential refinements to the operation of committees.
R11	The Board should consider the various observations made throughout section B.3 in relation to potential refinements to risk management tools.
R12	The Board should consider the appropriateness of the current number of divisions as the Trust is currently an outlier relative to similar organisations.

Appendix 1
Statement of Responsibility

Deloitte.

Statement of Responsibility

We take responsibility for this Final Report which is prepared on the basis of the limitations set out below.

This Final Report has been prepared solely on the basis of circumstances existing up to the time which it is dated. Changes in circumstances may affect the observations, recommendations and other commentary detailed in this Final Report. We have no responsibility to monitor the continuing relevance of suitability of this Final Report for the purposes it was supplied.

The matters raised in this Final Report are only those which came to our attention during the course of our work and are not necessarily a comprehensive statement of all the weaknesses that may exist or all improvements that might be made. Any recommendations made for improvements should be assessed by you for their full impact before they are implemented.

This Final Report is prepared solely for your information. Whilst we have agreed that the Final Report may be published on the Trust website, no other person is entitled to rely on this report for any purpose whatsoever and thus we accept no liability to any other party who accesses this document on the Trust website or otherwise.

Deloitte LLP, 2 Hardman Street, Manchester, M3 3HF, October 2016