



Gloucestershire Hospitals
NHS Foundation Trust

Independent Review of Financial Governance Action plan

| Ref. Section | Deloitte recommendation | Management response | Lead(s) | Date for completion |
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| <p>R1 D.1.1</p> | <p>Throughout the Review Period, we noted silo working at the Executive level. Silo working presents a risk that Board members do not have sufficient oversight of developments outside of their portfolios and, as such, are unable to identify or challenge areas of concern.</p> <p>The concept of joint corporate responsibility should be continuously enforced by the CEO and EDs should be actively encouraged to take on responsibilities, and make contributions, outside of their respective portfolios.</p> | <p>Recommendation Accepted In Full</p> <ul style="list-style-type: none"> • Incoming CEO and Chair have reinforced importance of unitary Board model and ways of working now reflect this model. • Recent recruitment to Board has reflected the importance of this skill set and behaviours in those appointed. • Chair approach to Board and Committee meetings seeks views of all members, on all topics • Board development programme includes support for unitary Board model through collective and individual training on giving and receiving effective and constructive challenge. | <p>Chair and Chief Executive</p> | <p>Completed <small>(Some completed actions are ongoing)</small></p> |
| <p>R2 D.1.1</p> | <p>Our review identified a lack of challenge or debate between Executive Directors in relation to the finance agenda, which presents a risk that effective challenge, if at all, only originates from NEDs who do not have the same day-to-day knowledge of performance throughout the organisation.</p> <p>The CEO should actively promote Executive to Executive challenge in key executive and Board forums including Board, committee, the DOG and the TLT meetings (previously Executive team and TMT).</p> | <p>Recommendation Accepted In Full</p> <ul style="list-style-type: none"> • CEO has reinforced importance of executive challenge within the executive team and providing ongoing support to individuals to enable them to feel comfortable operating in this way. • Appointment of four new Executive Directors has responded to the need to recruit to a personal profile which is supportive of this way of working. • Individual Executive Director appraisals reinforced message for executive challenge, including challenging the CEO • Minutes of Trust Leadership team (TLT) shared with Board to enable better understanding of executive and Board agendas to support challenge across all areas | <p>Chief Executive</p> | <p>Completed <small>(Some completed actions are ongoing)</small></p> |
| <p>R3 D.1.1</p> | <p>We found that the lack of challenge and debate amongst Executive Directors was exacerbated by the split site nature of the Executive team.</p> <p>We recognise that steps have been taken to address this split and the CEO should ensure that, going forward, this approach is consistently adopted and embedded by all EDs.</p> | <p>Finding not accepted.</p> <ul style="list-style-type: none"> • The Board accepts the previous finding in respect of a lack of executive to executive challenge but does not accept this was exacerbated by split site working. • The CEO has however, taken a number of steps, that ensure there are appropriate opportunities for effective team development and working given the split site nature of the Trust's operations. | <p>N/A</p> | <p>N/A</p> |

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| <p>R4 D.1.1</p> | <p>Throughout the Review Period, we found that there had been a lack of Executive team development. This compounded silo working and made it difficult to forge links between portfolios.</p> <p>The CEO should introduce a formal executive team development plan to build on the ED Away Day already undertaken.</p> | <p>Recommendation Accepted In Full</p> <ul style="list-style-type: none"> Quarterly executive away days instigated. Session occurred in July 2017. Content for away days developed in liaison with executive team and priorities influenced by the findings of this review – most recent focussing on executive ways of working and effective challenge. | <p>Chief Executive</p> | <p>Completed</p> <p>(Some completed actions are ongoing)</p> |
| <p>R5 D.1.1</p> | <p>Historically, the Trust's Leadership Team meeting and Directors Operational Group (previously TMT and Executive team) meetings have been conducted on an information-sharing basis, with little opportunity for discussion amongst the senior leadership team.</p> <p>We understand that these meetings have now been reviewed and that new arrangements are in place. The CEO should continue to monitor the new meeting format, to ensure that all participants benefit from the meetings.</p> | <p>Recommendation Accepted In Full</p> <ul style="list-style-type: none"> Meeting formats revised to ensure clarity of purpose and delegated authority for each meeting TLT and DOG both have agenda and minutes with former circulated widely (including to the Board) Membership revised to reflect purpose of meeting Meeting reflection incorporated into Trust Leadership Team format to enable regular opportunity to review ongoing effectiveness of forum. Executive away days review effectiveness of team working and team meetings including TLT, DOG and ETM | <p>Chief Executive</p> | <p>Completed</p> <p>(Some completed actions are ongoing)</p> |
| <p>R6 D.1.3</p> | <p>Our review found that, historically, there has been a Board culture where challenge and scrutiny was not actively encouraged.</p> <p>The Board should actively seek to build trust and mutual respect across Executive Directors and Non-Executive Directors and develop an environment where constructive challenge and scrutiny is actively encouraged from NEDs.</p> | <p>Recommendation Accepted In Full</p> <ul style="list-style-type: none"> Formal and informal board development sessions instigated with aim of building relationships and developing trust amongst members. Chair approach to Board and Committee meetings seeks views of all members, on all topics Active review of the effectiveness and appropriateness of non-executive challenge by Chair and CEO resulting in development of approaches. Governor role developed incorporating training to support evaluation of NED performance and increase in opportunities for Governors to review NED effectiveness e.g. observer status at Board Committees. | <p>Chair and Chief Executive</p> | <p>Completed</p> <p>(Some completed actions are ongoing)</p> |

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| <p>R7 D.1.3</p> | <p>During our review, we found that there was a tendency at the Trust of sharing 'good news' with the Board.</p> <p>This presents a risk that performance deterioration is not identified at an early stage and that appropriate mitigating actions cannot be put in place by the wider leadership team.</p> <p>The Board should actively promote the open and transparent sharing of information across all Board members, including the good and the bad news and build a sense of collective responsibility across the Board.</p> | <p>Recommendation Accepted in Full</p> <ul style="list-style-type: none"> Chair and CEO have reset the culture and expectations of Board meetings, including nature of business transacted through Board with a shift to more business being conducted in public session. CEO report has been developed and expanded to ensure early notification of risks and any threats emerging Trust Risk Register revised to include greater numbers of prevailing risks to support increased oversight of risks facing the organisation and reviewed at every Board including escalation of safety risks triggering a rating of High Risk (score 12+) Revision to approach to Board questioning to incorporate opportunity for governors to ask questions verbally at Board as well as historical approach to written questions. | <p>Chair and Chief Executive</p> | <p>Completed <small>(Some completed actions are ongoing)</small></p> |
| <p>R8 D.1.3</p> | <p>We recognise that the NED cohort has undergone significant change, with two further NED appointments recently confirmed. In light of these changes, we recommend that the Board instigates formal development for NEDs in relation to holding to account and effective challenge.</p> <p>We also note that the current NED cohort does not include a representative with previous clinical experience, as is good practice. We recommend that the Board considers the recruitment of a clinical NED, to ensure appropriate challenge on clinical and quality matters.</p> | <p>Recommendation Accepted in Full</p> <ul style="list-style-type: none"> Board development instigated Chair instigated regular one to one meetings with NEDs to support personal development including development in this area NED objectives agreed with each individual setting out clearer expectations in respect of NED role and contribution. NED (including Chair) appraisal process embedded. The Board has recruited a clinical NED; start date September 2017 | <p>Chair</p> | <p>Completed <small>(Some completed actions are ongoing)</small></p> |
| <p>R9 D.1.3</p> | <p>Our review noted that the Trust currently lacks very senior responsibility for the corporate governance portfolio, which presents a risk that this core portfolio does not receive appropriate attention or ownership at Board level.</p> <p>The Trust should assign executive level responsibility to the corporate governance portfolio or appoint a very senior manager into a Corporate Governance role.</p> | <p>Recommendation Accepted in Full</p> <ul style="list-style-type: none"> Review of benchmarked Trusts approach to corporate governance undertaken Investment ring fenced within FY18 budget for increased capacity and capability within team Responsibility to be assigned following completion of review and appointment of Deputy CEO. | <p>Chief Executive</p> | <p>Commenced but not yet complete.</p> <p>Completion Date September 2017</p> |

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| <p>R10 D.1.4</p> | <p>Historically, we noted a number of issues in relation to engagement between the Board and the Council of Governors, which presents a risk that the Governors are not in a position to sufficient discharge their statutory duties.</p> <p>The Board should put in place a development programme to improve engagement and links between the Board and the Council of Governors. This programme should aim to ensure that there is absolute clarity over respective roles and responsibilities between NEDs and Governors.</p> | <p>Recommendation Accepted in Full</p> <ul style="list-style-type: none"> Significantly closer working between Lead Governor, Chair and CEO, Governor development programme instigated including training in respect of NED oversight – first programme completed June 2017 NEDs encouraged to attend Council of Governor meetings to support joint working Board Committee Chairs required to attend Council of Governors Roles of NEDs and Governors within Board committees redefined and incorporated into role description for Governors. Role development supported through Governor training programme. | <p>Chair and Chief Executive</p> | <p>Completed <small>(Some completed actions are ongoing)</small></p> |
| <p>R11 D.2.1</p> | <p>Our review observed a lack of HR and clinical involvement at the Trust's Finance committee from EDs or their deputies. This presents a risk that the financial agenda is isolated from clinical and workforce matters.</p> <p>We recommend that the Board ensures that there is HR and clinical participation in every Finance Committee, as well as finance participation in Quality Committee (we note the DoHR has recently joined the Finance Committee).</p> | <p>Accepted in Principle (not in detail) – with a properly functioning Board, the Board does not accept it is a necessary use of limited director time to be members of every Board sub-committee.</p> <ul style="list-style-type: none"> HR Director now member of Finance Committee Clinical executives invited to attend Finance Committee for relevant items and Finance Director invited to attend Strengthened reporting from Committees to Board to ensure all Board members have opportunity to scrutinise all agendas and minutes irrespective of committee membership | <p>Chair and Chief Executive</p> | <p>Completed <small>(Some completed actions are ongoing)</small></p> |
| <p>R12 D.2.1</p> | <p>We noted that, throughout the Review Period, there has been no cross-committee attendance from NEDs and a lack of attendance from certain EDs at key committees. We understand that committee membership has now been formally revised to ensure that there is overlapping NED membership across each of the four Board committees. It is critical that NEDs and, in particular, the Chair, as well as EDs, periodically attend a range of Board committees that they are not members of to gain direct assurance over issues and to consider cross-dependencies. This should include a more comprehensive Audit Committee programme of activities to promote executive participation and to increase transparency.</p> | <p>Recommendation Accepted in Full</p> <ul style="list-style-type: none"> NED membership of all committees reviewed and revised to ensure overlap between committees Chair and Chief executive attend all Board Committees on regular basis All Executive Directors invited to participate in Audit & Assurance Committee (A&AC) to ensure triangulation of business across committees Internal audit reports referred to relevant Board Committees for review and on-going monitoring, following review by A&AC. | <p>Chair and Chief Executive</p> | <p>Completed <small>(Some completed actions are ongoing)</small></p> |

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| R13 D.2.1 | <p>Our review found a lack of informal interaction between Board Committee Chairs, which presents a risk that links between key matters of performance are not made. We understand that the Trust Chair has now implemented a programme of quarterly meeting between committee Chairs, to ensure that interdependencies across committees are reviewed and to consider the need to build specific activities into the Audit Committee job plan.</p> | <p>Recommendation Accepted in Full</p> <ul style="list-style-type: none"> Quarterly meetings of committee chairs established and overlapping membership of committees now in place Audit and Assurance Committee work plan incorporates inclusion of a review of all major systems of internal control supporting relevant Board Committee agendas and priorities | <p>Chair / Audit and Assurance Chair</p> | <p>Completed <small>(Some completed actions are ongoing)</small></p> |
| R14 D.2.1 | <p>We found that, throughout the Review Period, committee NED attendance remained relatively consistent. This presents a risk that perceptions are not refreshed and that there is a degree of comfort to proceedings. The Chair should ensure regular turnover in committee membership with a new NED member at least every two years and a new Chair every three years. Given recent events, the Finance Committee would benefit from a refresh of all NED membership.</p> | <p>Recommendation Accepted in Full</p> <ul style="list-style-type: none"> Rotation of membership incorporated into Terms of Reference for Board Committees Finance Committee membership recently refreshed, resulting in new NEDs joining the committee including a financially qualified NED and others with significant expertise in this area | <p>Chair</p> | <p>Completed <small>(Some completed actions are ongoing)</small></p> |
| R15 D2.3.2 | <p>We note that the Board is currently undertaking a review of risk management. We concur with this and the Board must ensure that this is addressed as a priority to ensure appropriate Board and the committee oversight of risk.</p> | <p>Recommendation Accepted in Full</p> <ul style="list-style-type: none"> Internal Audit Review completed – report reflects that 25/27 of the Institute of Risk Management Standards are now being met by the Trust Actions to respond to findings of the review in hand and oversight in place through CEO chaired Risk Management Group Trust Risk Register amended to lower threshold for when risks are escalated to the Board – register now received in public session of the Board Relevant risks are reviewed by each Board Committee | <p>Chief Executive</p> | <p>Completed <small>(Some completed actions are ongoing)</small></p> |

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| R16 D.3.1 | <p>During our review, we found the divisional structure and triumvirate to be relatively immature, with capacity and capability gaps in senior leadership roles. We recommend that the Board puts in place a programme of development for divisional leadership teams. This should be designed and implemented with a view to providing leaders with the appropriate skills as well as promoting ownership and accountability.</p> | <p>Recommendation Accepted in Full (noting extends beyond the scope of the Review)</p> <ul style="list-style-type: none"> Leadership development programme established and open to all senior leaders including Divisional Leaders Key gaps in senior roles filled with no vacancies in senior roles in any of four Divisions. Work ongoing to fill general manager vacancies. Review of Divisional leadership model to be undertaken to confirm appropriateness of current arrangements 100 Leaders programme developed to focus on leadership and team development. Support to ILead community strengthened (clinical leaders forum – speciality directors) | <p>Director of Human Resources and Organisational Development</p> | <p>Underway and ongoing</p> |
| R17 D.3.2 | <p>We were informed that Executive Review meetings (ERM) did not function at an optimal level throughout the Review Period, with inconsistent ED participation and a lack of detailed discussion. This presents a risk that divisional performance concerns are not appropriately challenged, escalated and addressed. We understand that a review of the ERMs has been undertaken, with new, COO-led arrangements being introduced in March 2017. The Board should ensure that the refreshed approach contains appropriate ED participation and the right balance between support and challenge</p> | <p>Recommendation Accepted in Full</p> <ul style="list-style-type: none"> Executive Review Meetings revised to include enhanced frequency, revised agenda and greater Executive Director involvement Performance management framework developed with aim of a single suite of information available at both Board, Divisional and Service Line level. CEO to Chair formal Accountably Review on a quarterly basis (Commencing October 2017) in addition to monthly ERM | <p>Chief Operating Officer</p> | <p>Partially Completed</p> |

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| R18 D.3.3 | <p>Throughout the Review Period and into FY17, we noted a consistent lack of grip in relation to the delivery of CIP savings. We found a non-delivery culture and the consistent need to implement non-recurrent savings or cover shortfalls from contingency. We recommend that the Board reflects on the findings of the recent Internal Audit report into CIPs and puts in place a programme of development to ensure that ownership and delivery of CIP schemes is consistent across the Trust.</p> | <p>Recommendation Accepted in Full</p> <ul style="list-style-type: none"> • Programme Management Office (PMO) established including appointment of PMO Director, to support monitoring, reporting and delivery of CIP programme • Investment in dedicated support for CIP delivery • CIP oversight and reporting arrangements revised, to reflect Deloitte and Internal Audit findings • Training for CIP leads implemented • CIP oversight by Executive, Finance Committee and Board strengthened and supported by enhanced reporting | Director of Finance | <p>Completed (Some completed actions are ongoing)</p> |
| R19 D.4 | <p>Throughout the Review Period, we noted that the finance function suffered from capability and capacity issues and relied heavily on interims to compensate for the gaps. This issue has not been fully addressed and remains a weakness for the Trust. This challenge is acknowledged by the CEO and Interim Finance Director. We understand that a review of capability and capacity has been undertaken, with a view to defining roles</p> | <p>Recommendation Partially Accepted – capacity gap acknowledged but capability assessment of current team not undertaken.</p> <ul style="list-style-type: none"> • New Director of Finance recruited with proven track record of financial turnaround • Capacity review undertaken and structure revised with associated investment in additional post • Recruitment to senior posts underway and use of interims reduced. • Subsequent review of less senior posts planned for Q3 • Training needs analysis for finance team to be undertaken in Q4 | Director of Finance | <p>Partially Complete</p> |



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Questions?

If you have any questions
or queries regarding this
document, please email
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