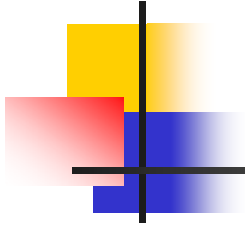


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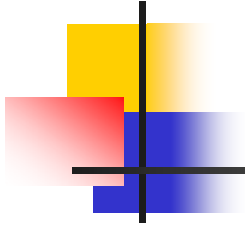
# GOVERNANCE IN THE NEW WELSH NHS STRUCTURE

BARONESS RENNIE FRITCHIE

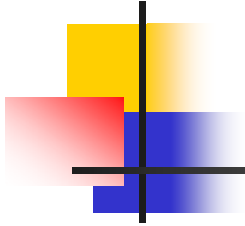
NOVEMBER 2008



- 
- Why good governance?
  - The Major Tasks of the Board
  - Board Requirements



# CHALLENGES



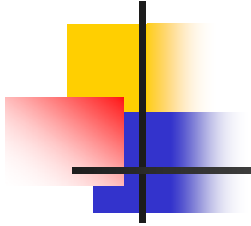
# Why Good Governance?



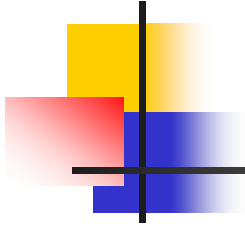
# Questions

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- Who was in charge?
- Did they know what was going on?
- If they did, why did they let it happen?
- How can we stop it happening again?
- How can we hold them to account before a disaster?

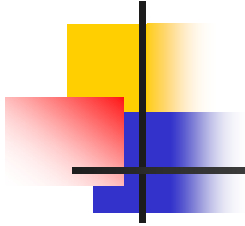


# GOVERNANCE



“Corporate governance concerns the appropriate Board Structures, processes and values to drive the enterprise forward whilst keeping it under prudent control”.

Bob Garrett.



“Corporate Governance is  
Robust Risk Management”.

C. Hilton. Chair

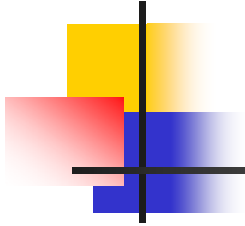
Newcastle Building Societies



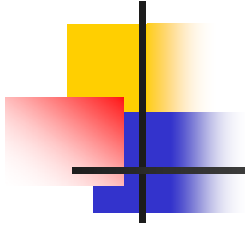
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## Governance is about:

- What you do
- How you do it
- What results it yields
- How you can show it



Why Bother?



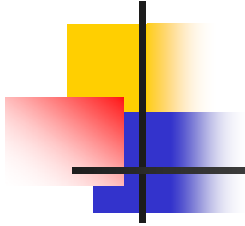
- \* It is a requirement –
- \* It is the mark of an effective organisation.
- \* As a protection.
- \* It is a criteria for receiving funds.



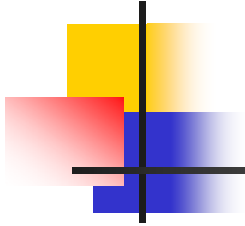
# Good Governance should proactively ensure

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- High quality leadership
- Clear strategic thinking
- Sound, risk based decisions
- Strong management
- Excellent performance
- Good stewardship of public money
- Effective public engagement
- Productive outcomes

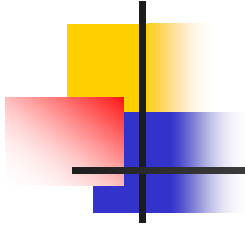


# The Role of the Board



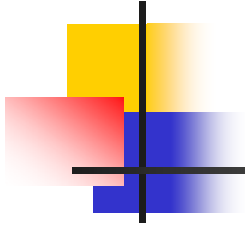
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To make sound strategic  
decisions that reflect government  
policy

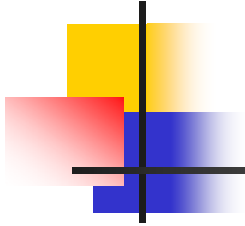


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To develop internal  
policies

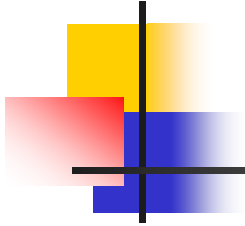


To appoint and evaluate  
top management



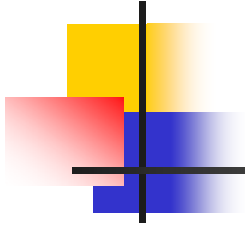
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To exercise stewardship  
of resources



---

To be held accountable



# CONFORMANCE

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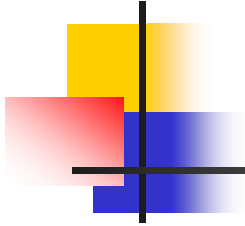
Oversight

Risk Management

Audit

Transparency

Accountability



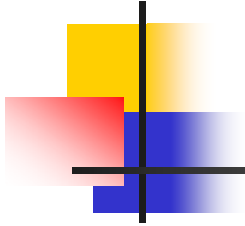
# PERFORMANCE

Strategy Development

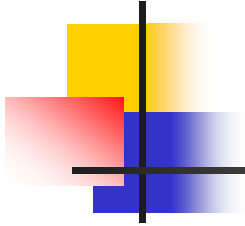
Leadership

Community engagement

Delivery



# Major Tasks of the Board



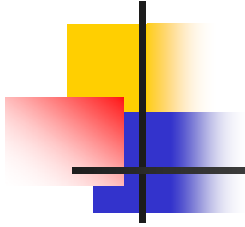
Formulating Policy and Foresight

Thinking Strategically

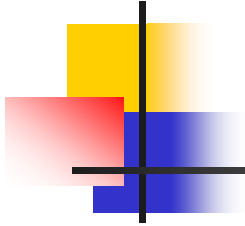
Supervising Management

Exercising Accountability

Bob Garratt



- 
1. Provide 'critical friend' challenge to executives as well as external authorities.
  2. Reflect the voice and concerns of the people and take balanced, evidence based decisions.



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3. Take the lead and own the scrutiny process on behalf of the public.

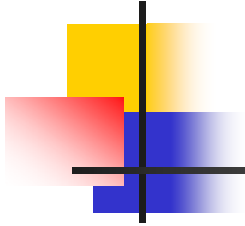
4. Make a positive impact on the delivery of public services.



# Six Major Requirements of a Board

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- Knowledge
- Information
- Clarity
- Power
- Motivation
- Time



## Knowledge

1. Board members themselves need the knowledge and expertise which will best meet the demands facing the organisation.

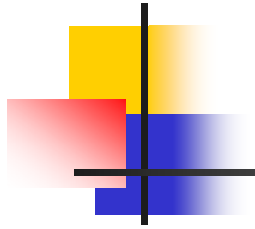


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## Information

2. The Board requires up-to-date information about:-

- the organisation itself
- external intelligence
- key strategic issues
- key targets, goals and timescales
- lines of accountability



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## Clarity

3. There needs to be clarity about who the key stakeholders are and requirements and relationships that are in place to hold the Board accountable.

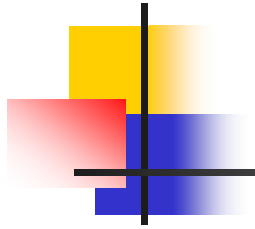


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## Power

4. An effective Board needs the authority to:-

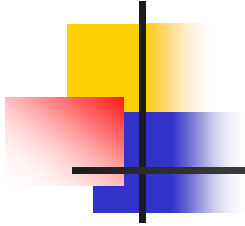
- act as a governing body
- make key decisions
- see that senior management is accepting and implementing it's decisions



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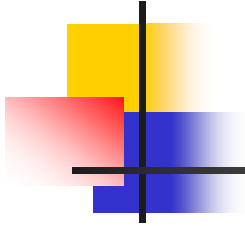
## Motivation

5. The appropriate incentives must be in place to align the Directors interests with those individuals, groups and committees they represent – their stakeholders.

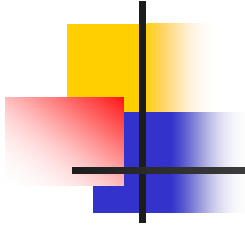


## Time

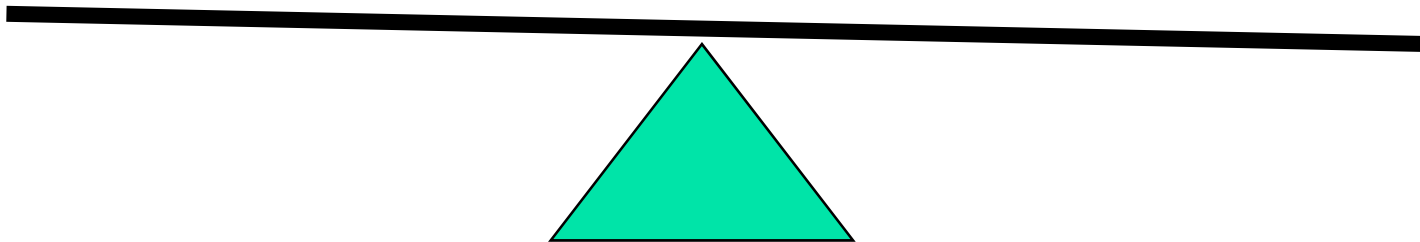
6. To work effectively Directors need time to read, understand and absorb relevant documents and papers and sufficiently well organised periods of time to work together as a group.

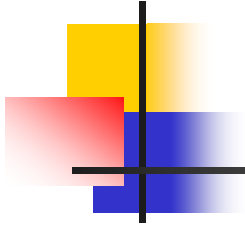


# Board Challenges

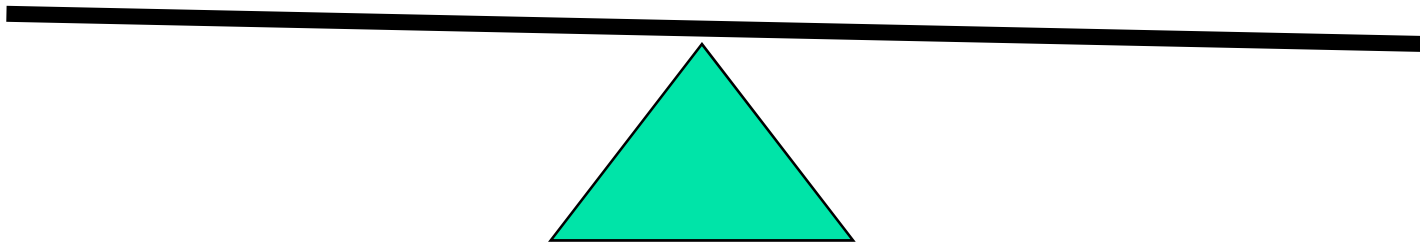


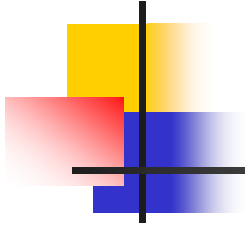
- Short term targets and be sensitive to the pressures of short-term local issues
- Have a long term view and strategy and be informed about broad trends and wider needs



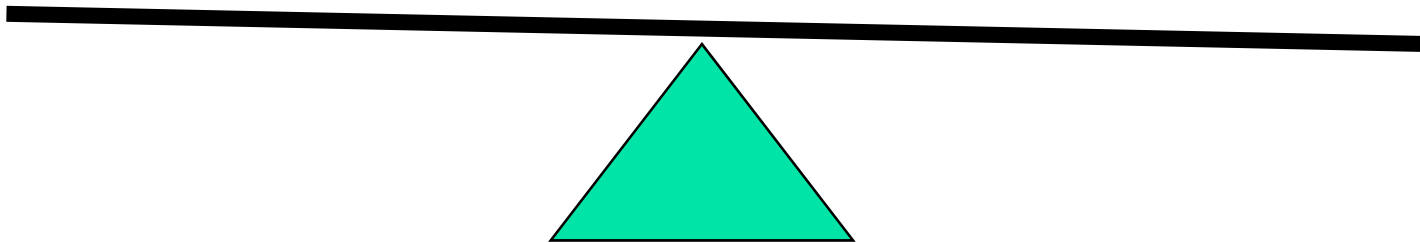


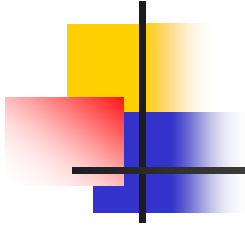
- Act as an individual and bring personal strengths and abilities
- Perform as part of a corporate team and follow through on difficult decisions



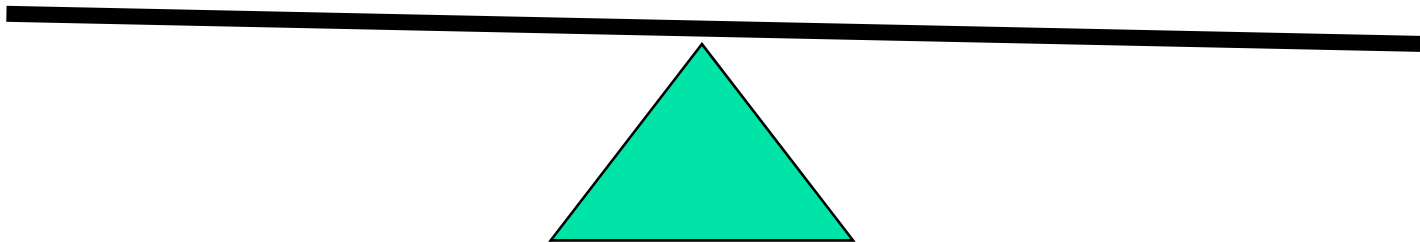


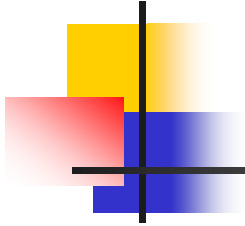
- Monitor and evaluate exercising corporate governance
- Contribute through creative decision making to a Board performance



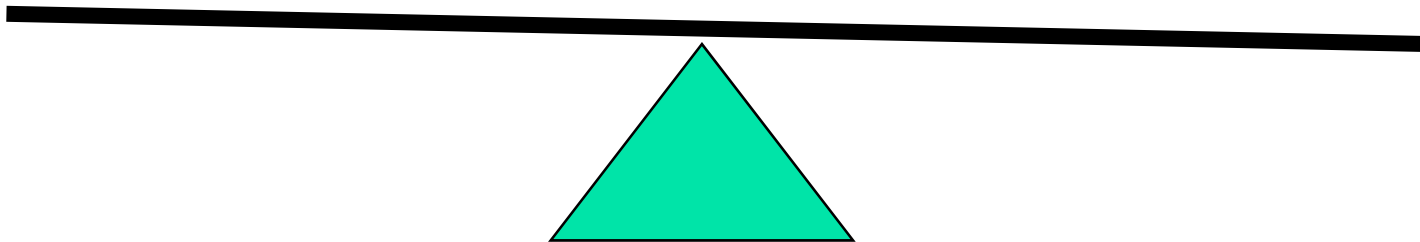


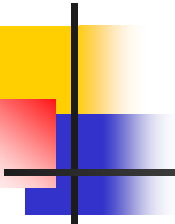
- Take account of staff issues and concerns from inside the organisation
- Take account of wider responsibilities of other stakeholders





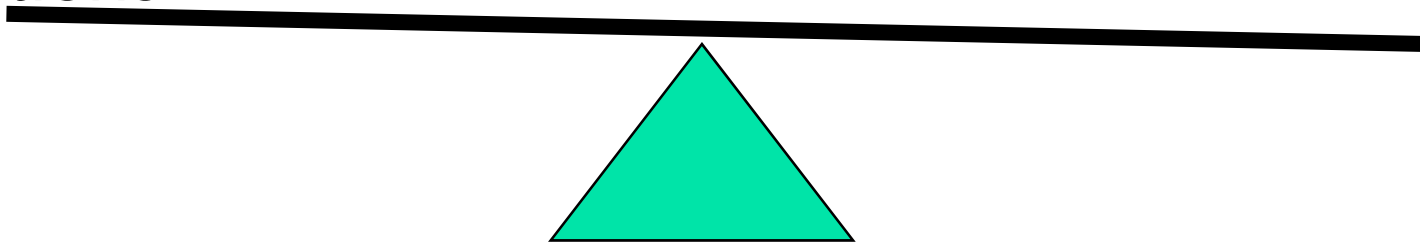
- 
- Act in ways that will enhance and meet their organisation's needs
  - Keep in mind they are part of a larger organisation





- Have sufficient knowledge and understanding of the workings of their organisation to be answerable for its actions

- Stand back from day-to-day management and be able to retain an objective view



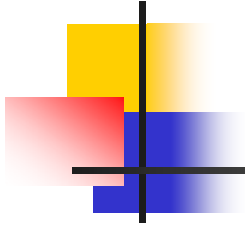


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## Areas of Instability and Organisation Collapse

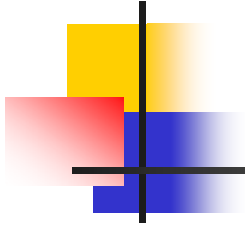
- one person rule
- a non-participating Board
- an unbalanced top team
- a weak financial function

John Argenti

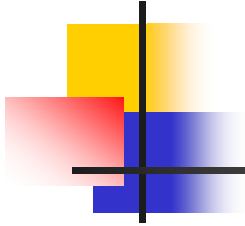


I would add:-

- a lack of clarity of Board Powers
- a lack of understanding of the accountability links through to Ministers
- increased and changing objectives

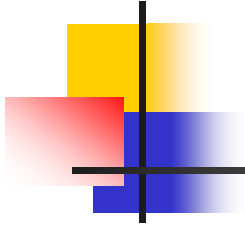


- funding uncertainties
- partnership working
- poor strategic decision taking

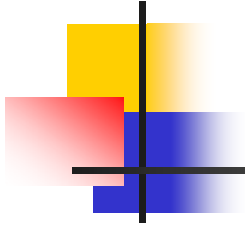


## Poor Strategic Decision Taking

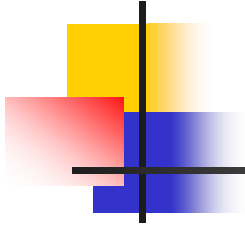
- an incomplete survey of objectives
- an incomplete survey of alternatives
- failure to re-evaluate earlier rejected choices



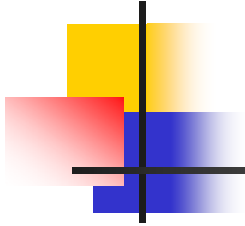
- poor information search
- selective bias on processing information
- failure to produce contingency plans



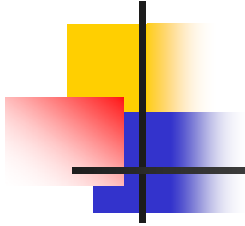
# Personal Reflections on Challenges for the Board



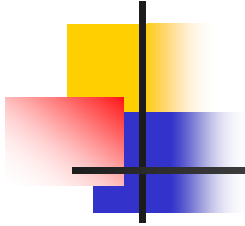
1. In a redesigned organisation it is essential to understand how the accountabilities work both day to day and in difficult situations.



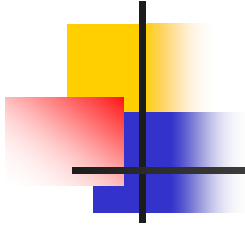
2. It will be necessary to have highly effective Chairs and Independent Directors who become 'match fit' quickly.



3. There is an enormous challenge in restructuring or merger situations to be able to develop one healthy culture, one approach for day to day business and one process for dealing with difficult issues whilst respecting the legacies of different ways of doing things. This task is major and should not be underestimated.

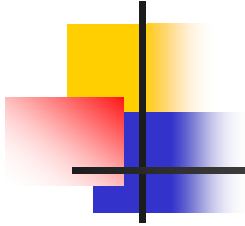


4. Checking out assumptions before acting on partial information will be key.

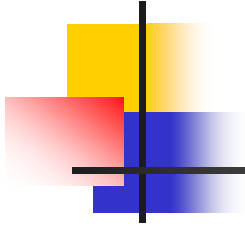


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5. Independent Directors will need to have an all Wales commitment as well as a local one and they must be able to demonstrate it through thought and action.

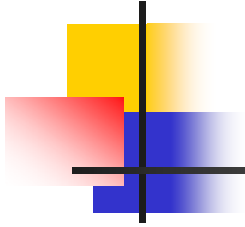


6. In a Unitary Board Independent Directors and Executive Directors must take equal responsibility for decisions. The Blame Game is not helpful.

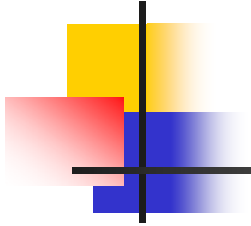


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7. Politics is part of the NHS however lobbying behaviour from all parties could undermine success.



8. There is a real opportunity to make a huge and positive change to the delivery of NHS services in Wales. It is an exciting challenge and will require team work and goodwill to make it a reality.



THE END