

Oxford Health NHS Foundation Trust Well-led Governance Review

*Strictly private
and confidential*

2 August 2017



Yvonne Mowlds
Partner
M: +44 (0) 771577 1381
yvonne.m.mowlds@pwc.com

Harriet Aldridge
Director
M: +44 (0) 784156 8995
harriet.c.aldridge@pwc.com

PricewaterhouseCoopers LLP
1 Embankment Place, London WC2N 6RH
T: +44 (0) 20 7583 5000
F: +44 (0) 20 7212 4652

For the attention of: Stuart Bell, Chief Executive and Martin Howell, Chairman
Oxford Health NHS Foundation Trust
Trust Headquarters
Warneford Hospital, Warneford Lane
Headington, Oxford, OX3 7JX

Dear Sirs,

Well-led Governance Review: Oxford Health NHS Foundation Trust

We have been instructed by Oxford Health NHS Foundation Trust (“the Trust”) to report on the findings of our well led governance review in accordance with our contract dated 21 February 2017.

This document has been prepared only for the Trust and solely for the purpose and on the terms agreed with the Trust in our contract dated 21 February 2017. We accept no liability (including for negligence) to anyone else in connection with this document and it may not be provided to anyone else.

In the event that, pursuant to a request which you have received under the Freedom of Information Act 2000 or the Environmental Information Regulations 2004 (as the same may be amended or re-enacted from time to time) or any subordinate legislation made thereunder (collectively, the “Legislation”), you are required to disclose any information contained in this report, you will consult with us prior to disclosing such report. You agree to pay due regard to any representations which we may make in connection with such disclosure and to apply any relevant exemptions which may exist under the Legislation to such report. If, following consultation with us, you disclose this report or any part of it, you shall ensure that any disclaimer which we have included or may subsequently wish to include in the report is reproduced in full in any copies disclosed.

We would be happy to discuss any aspect of our report with you.

Yours faithfully,

PricewaterhouseCoopers LLP

Introduction

Background

The Trust is an organisation of nearly 6,000 staff providing community and mental health services to people of all ages across Oxfordshire, Buckinghamshire, Berkshire, Swindon, Wiltshire, Bath and North East Somerset. The Trust is a leading teaching, training and research trust, with close links to the Universities of Oxford and Oxford Brookes, Buckinghamshire, Reading and Bath.

Vision and values

The Trust's vision is *that no matter who you are or where you are, you will tell us that you receive 'outstanding care delivered by outstanding people'*.

The Trust has three values, which are to be *caring, safe and excellent* and has seven priorities as follows:

- *To make care a joint endeavour with patients, families and carers.*
- *To improve the quality of care by transforming services.*
- *To support teams to improve the safety and quality of care they provide.*
- *To support leaders to maintain a positive culture for teams.*
- *To ensure Oxford Health NHS FT is high performing and financially viable.*
- *To lead research and adopt evidence that improves the quality of care.*
- *To embed and enhance the electronic health record.*

CQC inspection

The Care Quality Commission ("CQC") carried out an inspection of the Trust in June 2016, following a comprehensive inspection carried out in September and October 2015. The comprehensive inspection in 2015 rated the Trust as 'requires improvement' overall with 'requires improvement' in the safe and effective domains and 'good' in the caring, responsive and well-led domains. In 2015, nine of the fourteen core services were rated as 'good', one 'outstanding' and three as 'requires improvement'. In 2016, the three core services rated as 'requires improvement' were inspected and rated as 'good'.

Following its inspection in June 2016, the CQC rated the Trust as 'good' overall, with 'good' received in the effective, caring, responsive and well-led domains and 'requires improvement' in the safe domain.

Financial performance

The Trust's draft financial position for the year ending 31 March 2017, as reported in the Chief Executive's Report to the April 2017 Board, was a surplus of £3.2m compared to a planned deficit of (£0.6m). This result included £3.0m of non-recurring sustainability and transformation funding.

Partnership working

The Trust is engaged in an increasing number of partnership arrangements including the Oxford Academic Health Science Centre. It hosts the Collaboration in Leadership and Health Research and Care and was successful in its recent Biomedical Research Centre application. Alongside its commitment to the local Sustainability and Transformation Plan (STP) the Trust is developing a Thames Valley and Wessex Forensic network and pioneering new care models locally.

Introduction

Scope and process

Our work commenced on 6 March 2017 and has been conducted in accordance with our contract dated 21 February 2017. We have undertaken a review of governance and leadership at the Trust based on the Well-led framework for governance reviews: guidance for NHS foundation trusts updated April 2015 published by Monitor (now NHS Improvement) (“the Framework”).

We have undertaken our review using an appreciative enquiry approach to determine the strengths and weaknesses of the Trust.

Our work has included:

- a desktop review of the evidence available at the Trust for each area of the Framework;
- Interviews and focus groups with Board members, members of Trust staff, Governors and key external stakeholders;
- observation of key governance meetings; and
- meeting with representatives of the Trust Board to discuss our findings.

The Trust has also asked us to consider the arrangements it has in place for working with its key partners.

Further details of our scope of work and our approach are set out in Appendix 1.

NHSI and CQC recently jointly consulted on revisions to the approach to well-led assessments for all Trusts. The consultation on the new well-led framework closed and the new framework was published after we had concluded our work. We did not consider the requirements of the new framework as part of this review.

At a glance

PwC view

The Trust performed well against the good practice criteria in the Framework in many respects. It benefits from a wealth and range of experience both at Board level and throughout the organisation.

The Trust was aware of many of our findings before our review commenced and is currently part way through pre-existing actions to address these.

We have found some areas where the Trust's existing governance arrangements would benefit from evolution to address new and emerging initiatives and challenges facing the health sector.

1 The Trust is a high performing organisation which benefits from strong leadership, caring staff and recognises the need to continually improve.

The Board is comprised of individuals with a wide range of relevant skills and experience; we found consistent evidence of strong leadership and a stable Board. Through all our interactions and particularly those with Service Directors, junior and senior clinicians, we noted caring staff who are committed to delivering high quality care to patients.

In addition to the good practice we found, we identified some areas where governance could be enhanced in order for the Trust to continue to perform highly as changes and new challenges in its external operating environment take effect; our findings are set out in the remainder of this report.

2 The Board recognises that its strategy needs to be flexible in order to allow it to evaluate and respond to emerging opportunities.

The Trust has a clear vision, underpinned by values which are understood throughout the organisation and a strategic plan presented in a wheel diagram. The vision, values and 'the wheel' were well understood by those we met.

The Trust's objectives in relation to service delivery are clear; the Board recognises that developing a detailed strategic business plan would not be appropriate due to the ongoing national implementation of health policy and the reality that the Trust needs to evaluate strategic options and make decisions flexibly, in the best interests of patients, within this context.

At a recent away day the Board discussed its strategic objectives and priorities but in interview some Board members felt that this conversation needed to be concluded. We recommend that a further strategy session is held to clarify and conclude a set of strategic objectives and priorities against which future opportunities can be evaluated by the Board and that these are kept under regular review.

3 There is a strong culture of risk management and consideration of risk forms an inherent part of decision-making; there is scope to review the risk management policy and activities to ensure these are realistic and aligned to the Trust's current needs.

We found discussion of risks occurred throughout the meetings we observed but noted that the formal review and scrutiny of the Board Assurance Framework ("BAF") and risk registers was not undertaken with the frequency set out in the Trust's risk management policy.

We noted that the Board is well sighted on the risks associated with strategic project decisions, for example the transfer of Learning Disability ("LD") services from Southern Health NHS Foundation Trust ("Southern Health") and the Trust's local risk share arrangements with other partners. The Trust is engaging in an increasing number of partnership activities meaning that the operational risks to the Trust are becoming increasingly linked to the performance of its partners. There is a need for the Board to receive enhanced risk management information and assurance which covers the performance of partners in order for it to be fully sighted on the Trust's own risk profile.

At a glance

PwC view

The Trust Executives have large portfolios and in order to deliver these make effective use of a highly leveraged second tier leadership model. A range of new challenges faced by the Trust indicate that a review of the Executive portfolios and the supporting leadership structure would be beneficial.

The Trust has planned effectively to replace three NEDs who are due to conclude their terms of office in 2017/18; a succession plan is also needed for the Executive team and the Trust's wider leadership team.

4 The Trust has a relatively small Executive team and as a result makes a greater use of Assistant/ Deputy Directors than we see elsewhere; given the increasing challenges over the coming year and beyond a review of the Executive team portfolios would be timely.

The Trust faces a number of key challenges over the next 12 months which are likely to significantly impact on the capacity of the Executive team. Amongst others these include:

- an ongoing workforce risk relating to recruitment and retention;
- challenging financial targets which require the delivery of a significant Cost Improvement Programme (“CIP”);
- improvement of data quality and reporting;
- a need to invest additional capacity in partnership working; and
- the transition of LD services from Southern Health.

In order for the Board to be assured that these risks and challenges are being appropriately managed it is important that it is assured that the Executive team, individually and collectively, has sufficient capacity and capability to meet these additional demands. A review of the Executive portfolios and the second tier support in relation to each area would be of benefit in the early part of the year.

5 The Board is focussed on quality and shapes the culture of the Trust in this respect; there are, however, opportunities to improve transparency, to continue to address bullying and harassment and to encourage wider reporting of bullying, harassment and other incidents.

Although the Trust has undertaken actions to address reported bullying and harassment, the national 2016 staff survey indicates that a lower proportion of staff report instances of bullying, harassment and incidents than at other mental health trusts. It is important that the Board continues to focus on both barriers to reporting and the actions taken in response to reports received.

Some information is currently discussed in private Board meetings which we would ordinarily expect to be included in public Board meetings, for example the performance report and detailed financial information. The Trust could improve transparency by moving some of the items currently covered in private session into the public domain.

6 Clear and formal succession planning exists in relation to the Non-Executive Director (“NED”) group; a more informal approach has been adopted for Executives.

The Trust may wish to consider putting a more formal structure around its Executive team succession planning to ensure the impact of future leadership changes are minimised. The NED change process recently has been well planned and executed: a similar approach for Executives would help to ensure the continued stability of the Trust in the medium term.

At a glance

PwC view

The Trust scrutinises performance information at a number of different operational meetings outside the formal Board governance structure – there is an opportunity to formalise these arrangements to enhance the Board’s assurance.

There is a need to improve performance reporting: the Trust is well aware of this and has appointed an interim Director of Performance to lead this work.

The Trust is seen as a leader in the local system; there are opportunities to engage more effectively with partners which could lead to greater benefits for service users.

7 The Trust routinely scrutinises performance information although this takes place in a range of meetings some of which are outside the Board governance framework.

Best practice is for operational and financial performance information to be scrutinised monthly at a formal sub committee of the Board. The Trust’s Quality Committee meets quarterly, as does the Finance and Investment Committee. We understand that scrutiny of performance information occurs in both weekly and monthly meetings in addition to the formal quarterly committee meetings and that some of these meetings are attended by NEDs. There is an opportunity to strengthen the formal governance arrangements by including these meetings, with appropriate upward reporting, which would increase the overall level of assurance provided to the Board each month without increasing the overall number of meetings.

8 There is an ongoing programme of work to improve the data quality underpinning the Trust’s performance information; separately work is ongoing to address issues stemming from the implementation of the CareNotes system.

The need to address the operating effectiveness of the CareNotes system, and the Trust’s separate data quality issues, are well understood by the Board. In addition to the ongoing work on both there is a further opportunity to enhance the usefulness of information received by the Board, sub committees and governors by revising reporting formats and bringing these into line with best practice. This could include tailoring papers to meet the needs of their audience, making them more concise and through better use of executive summaries, graphs and tables.

9 The Trust is recognised as a leader in the strategic development of the local system and is engaged in a number of new and innovative partnership arrangements including with the third sector.

Partner organisations noted the Trust’s constructive role in the system and that it has become more open and willing to engage in recent years. Some stakeholders, however, told us that improvements could be made to the connectivity between partnership discussions and decision making. As the Trust is engaging in an increasing amount of partnership working it would benefit from reviewing the roles and responsibilities of its leadership team in relation to partnership arrangements. We identified a need for more members of the Executive team to take a greater role in partnership arrangements, and a need to ensure appropriate delegated decision-making arrangements are in place.

Conclusion

We found a well led organisation that is self aware, open and transparent. We have identified many areas of good practice in our work and some areas for improvement: the focus of the majority of our recommendations is on ensuring the Trust continues to perform strongly in the future.

We have set out our recommendations for the Board to consider on the following pages.

Summary of findings

The table below shows a summary of our view of the Trust's performance against the Well-led Framework. The Trust's view is based on the self assessment conducted on 5 April 2017. Definitions of the Well-led framework scoring criteria are set out below.

		PwC view	Trust View																
1A	Does the board have a credible strategy to provide high quality, sustainable services to patients and is there a robust plan to deliver?			<p><i>Well-led framework scoring criteria</i></p> <p>The scoring criteria below mirrors that defined in the Framework, and has been used to inform our assessment of the Trust.</p> <table border="1"> <thead> <tr> <th>Risk rating</th> <th>Definition</th> <th>Evidence</th> </tr> </thead> <tbody> <tr> <td>Green </td> <td>Meets or exceeds expectations</td> <td>Many elements of good practice and no major omissions.</td> </tr> <tr> <td>Amber-green </td> <td>Partially meets expectations, but confident in management's capacity to deliver green performance within a reasonable timeframe</td> <td>Some elements of good practice, some minor omissions and robust action plans to address perceived gaps with proven track record of delivery.</td> </tr> <tr> <td>Amber-red </td> <td>Partially meets expectations, but with some concerns on capacity to deliver within a reasonable timeframe</td> <td>Some elements of good practice, has no major omissions. Action plans to address perceived gaps are in early stage of development with limited evidence of track record of delivery.</td> </tr> <tr> <td>Red </td> <td>Does not meet expectations</td> <td>Major omission in governance identified. Significant volume of action plans required with concerns regarding management's capacity to deliver.</td> </tr> </tbody> </table>	Risk rating	Definition	Evidence	Green 	Meets or exceeds expectations	Many elements of good practice and no major omissions.	Amber-green 	Partially meets expectations, but confident in management's capacity to deliver green performance within a reasonable timeframe	Some elements of good practice, some minor omissions and robust action plans to address perceived gaps with proven track record of delivery.	Amber-red 	Partially meets expectations, but with some concerns on capacity to deliver within a reasonable timeframe	Some elements of good practice, has no major omissions. Action plans to address perceived gaps are in early stage of development with limited evidence of track record of delivery.	Red 	Does not meet expectations	Major omission in governance identified. Significant volume of action plans required with concerns regarding management's capacity to deliver.
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1B	Is the board sufficiently aware of potential risks to the quality, sustainability and delivery of current and future services?																		
2A	Does the board have the skills and capability to lead the organisation?																		
2B	Does the board shape an open, transparent and quality-focussed culture?																		
2C	Does the board support continuous learning and development across the organisation?																		
3A	Are there clear roles and accountabilities in relation to board governance (including quality governance?)																		
3B	Are there clearly defined, well-understood processes for escalating and resolving issues and managing performance?																		
3C	Does the board actively engage patients, staff, governors and other key stakeholders on quality, operational and financial performance?																		
4A	Is appropriate information on organisational and operational performance being analysed and challenged?																		
4B	Is the board assured of the robustness of information?																		

Recommendations

The recommendations begin on the following page of this report. On this page we set out the criteria we have applied against each recommendation. Each one is given a priority rating, an implementation risk rating and a capacity and capability risk rating.

Priority

High	This is critical to the Trust's progress
Medium	This is important to the Trust's progress
Low	This may not have an immediate significant impact on the Trust's progress but should still be taken forward

Implementation risk

High	Significant concerns and/or the recommendation is difficult to implement. Little progress has been made to date. The Trust is unlikely to implement the recommendations effectively within the necessary timeframe without external support or additional resource
Medium	Some progress has been made. The Trust should consider seeking advice or support to ensure the recommendation is implemented effectively
Low	Low level of concern. Plans are already well advanced, or the recommendation will be straightforward to implement

Capacity and capability risk

High	Significant level of concern that the Trust can deliver this, even with additional support
Medium	Some concern over delivery and some additional support may be needed
Low	Low level of concern. The Trust can deliver the recommendation

Recommendations

We anticipate that the Board will want overall visibility of progress against recommendations. The table below provides a summary of the recommendation, a suggested owner, a proposed timeframe for completion and the risk ratings as defined on the previous page.

Ref	Area	Recommendation	Suggested owner	Time frame	Priority	Implementation risk	Capacity and capability risk
1	Strategy: 1A (page 17)	Strategic focus The Board should capitalise on progress made at the Board away day in February where strategy was discussed and conclude the discussion of its strategic objectives and priorities.	Chief Executive	1-3 months	High	Medium	Medium
2	Strategy: 1A (page 17)	Development of strategy and monitoring of delivery The Trust should discuss its strategic intentions with stakeholders and regularly review these.	Chief Executive	3-6 months	Medium	Medium	Low
3	Strategy: 1B (page 19)	Risk management policy The Trust should review its risk management policy and ensure that this is realistic and reflects the current needs and risk appetite of the Trust; the Trust should further review its routine risk management oversight activities to ensure these are in line with the stated policy.	Director of Corporate Affairs	1-3 months	Medium	Medium	Low
4	Strategy: 1B (page 19)	Developing risk management activities The Trust should continue to develop its risk management activities including performance reporting in relation to partners, where appropriate, to ensure the Board is fully sighted on risks relating to the operational execution of the strategic decisions it has made.	Director of Corporate Affairs	1-3 months	Medium	Medium	Low

Recommendations

Ref	Area	Recommendation	Suggested owner	Time frame	Priority	Implementation risk	Capacity and capability risk
5	Capability and culture: 2A (page 21)	Executive portfolios The Executive portfolios should be reviewed to ensure they are appropriate given the challenges facing the Trust over the next year and beyond.	Chief Executive	1-3 months	High	Low	Low
6	Capability and culture: 2A (page 21)	Succession plan The succession plan should be widened and formalised to include the Board as a whole and to address the lack of diversity.	Chairman	3-6 months	High	Medium	Low
7	Capability and culture: 2B (page 23)	Bullying and harassment The Trust should continue to take action to ensure that instances of bullying and harassment are being addressed, that those responsible are being held to account and that reasons for staff being less inclined to report incidents are understood and addressed.	Director of HR	1-3 months	Medium	Medium	Medium
8	Capability and culture: 2B (page 23) and Processes and Structure: 3C (page 28)	Enhancing transparency The Board should review the split of agenda items between public and private Board meetings, and also the stakeholder attendees at the Quality Committee, to enhance transparency	Director of Corporate Affairs	1-3 months	Medium	Low	Low
9	Capability and culture: 2B (page 23)	Chair of Quality Committee The Trust should identify another NED to chair the Quality Committee as this role is currently undertaken by the Trust Chairman.	Chairman	3-6 months	Medium	Low	Low
10	Capability and culture: 2C (page 24)	Sharing learning and recognition The Trust should review its processes for sharing learning and recognition across the Trust and consider implementing, as standard, the sharing of lessons learned at operational team meetings.	Director of Nursing/ Director of Corporate Affairs	3-6 months	Medium	Low	Low

Recommendations

Ref	Area	Recommendation	Suggested owner	Time frame	Priority	Implementation risk	Capacity and capability risk
11	Processes and structure: 3A (page 25) and Measurement 4A (page 30)	Action tracking Tracking of agreed actions should be standardised across the Trust's governance meetings and satisfactory completion of actions should be rigorously monitored.	Director of Corporate Affairs	1-3 months	High	Low	Low
12	Processes and structure: 3A (page 25)	Programme of governance meetings The governance meeting programme should be reviewed and brought into line with best practice to provide more assurance to the Board, including monthly meetings to formally scrutinise finance and performance information.	Director of Corporate Affairs	3-6 months	Medium	Medium	Medium
13	Processes and structure: 3B (page 26); Measurement 4A (page 30); Measurement 4B (page 31)	Format and content of reports The format and content of performance reports to the Board and committees should be reviewed and brought into line with best practice alongside the existing work to improve data quality. Consideration should be given to integrated performance reporting.	Interim Director of Performance	1-3 months	High	Medium	Medium
14	Processes and structure: 3B (page 26); Measurement 4B (page 31)	Provision of written reports Written reports should be provided to all meetings where the objective of the meeting is to provide assurance to the Board.	Director of Corporate Affairs	1-3 months	High	Low	Medium
15	Processes and structure: 3C (page 28)	Feedback from service users, families and carers The Trust should consider whether it has adequate structured routes for the voices of service users, families and carers to be heard at Board level.	Chief Executive	3-6 months	Medium	Low	Medium

Recommendations

Ref	Area	Recommendation	Suggested owner	Time frame	Priority	Implementation risk	Capacity and capability risk
16	Processes and structure: 3C (page 28)	Reporting to governors Reporting to governors should be reviewed, in consultation with governors, and the format of Council of Governors (“COG”) reports revised to ensure these meet the needs of governors; consideration should be given to NEDs taking a more active role at COG meetings.	Director of Performance / Director of Corporate Affairs	3-6 months	Medium	Low	Medium
17	Processes and structure: 3C (page 28)	Partnership working Leadership team roles in relation to partnership working should be reviewed to allow more members of the Executive team to take part in system engagement; appropriate delegated decision-making arrangements should be put in place to support decision making in relation to partnership arrangements.	Chief Executive	3-6 months	Medium	Low	Medium



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