



**NHS Forth Valley
Corporate Governance Review**

Foreword

In November 2022, NHS Forth Valley (NHSFV) was escalated to Stage Four of the NHS Scotland Performance Management Framework. This action was taken by the Scottish Government as a result of concerns relating to the governance, leadership and culture of the organisation.

As part of its response to the escalation to Stage Four, the NHSFV Board commissioned an external review of the corporate governance arrangements in the organisation. The review was undertaken by John Brown and Susan Walsh, the co-authors of the NHS Scotland Blueprint for Good Governance, first published by the Scottish Government in January 2019.

A progress report was published in May 2023 that described the approach adopted by the review team, and which provided the NHSFV Board and the Scottish Government's Assurance Board with details of the actions taken to date to complete this assignment.

This review is intended to help the NHSFV Board identify improvements to the current governance arrangements in order to assist the Board in resolving the range of performance-related issues being addressed by the overall NHSFV Improvement Plan.

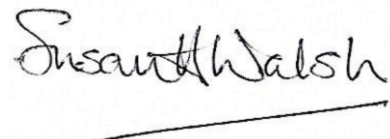
It is important to note that as many of the problems highlighted in this report have been longstanding, action has already been taken by the NHSFV Board and Executive Leadership Team to address some of these issues. The latest version of the Improvement Plan includes further activities to address those issues that continue to exist in NHSFV and this report should be read in conjunction with the progress reports on the Improvement Plan.

The publication of this report brings the review to a close. The report is the property of the NHSFV Board and should not be copied beyond the NHS Forth Valley Board Members without the prior agreement of the NHSFV Board Chair.

We would like to thank all those who have contributed to the review process, including colleagues in NHS Forth Valley, Falkirk Council, Stirling Council, Clackmannanshire Council, the Scottish Government, and NHS Scotland.



Professor John Brown CBE



Susan Walsh OBE

20 October 2023

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1. Introduction

- 1.1 The NHSFV governance review was commissioned to assess the effectiveness and efficiency of the corporate governance arrangements currently in place in the organisation. This includes an evaluation of how effective the NHSFV Board is in delivering an active and collaborative approach to corporate governance.
- 1.2 The standards and best practices that form the basis of the review team's assessment of the effectiveness of the governance arrangements in NHSFV are founded on the Principles of Good Governance and the guidance described in the second edition of the [NHS Scotland Blueprint for Good Governance](#) published in December 2022.

Terms of Reference

- 1.3 The Terms of Reference for the review were agreed by the NHSFV Board and are attached as [Appendix A](#) to this report.

Process

- 1.4 In conducting the review, the team considered a range of evidence from a variety of sources including but not limited to:
- Discussion and engagement individually and collectively with all current Non-Executive, Executive, and Stakeholder Board Members
 - Discussion and engagement individually and collectively with the members of the Executive Leadership Team and with other stakeholders in NHSFV as necessary to understand the wider context
 - Observation at Board meetings, Standing Committees, Executive Leadership Team Meetings, and Board development sessions
 - Desk-based documentary analysis including but not restricted to, standing orders, code of conduct, standing financial instructions, scheme of delegation, integration schemes, agendas, minutes and papers, and the NHSFV Board's annual cycle of business
 - Evaluation of the NHSFV Board's response to any previous self-assessment or external reviews of the effectiveness of governance arrangements in NHSFV, including any reports produced by internal or external auditors in respect of governance and control systems in the organisation
 - Comparisons of corporate governance arrangements in other organisations as considered appropriate.
- 1.5 Details of the individuals interviewed by the review team are attached as [Appendix B](#).
- 1.6 The interviews were conducted under the Chatham House Rule. The reporting of the interviewees' comments and observations reflect the knowledge and understanding they had of the situation in NHSFV at the time of interview. To ensure those who were interviewed are able to recognise their own contribution,

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relevant areas of concern as shared with the review team are summarised and included in this report.

- 1.7 The review team also had discussions with the Chair of the Scottish Government's Assurance Board and the professional advisors who formed the support team appointed to NHSFV following the escalation to Stage Four of the NHS Scotland Performance Management Framework.
- 1.8 The details of the meetings observed by the review team are included in [Appendix C](#) and the documents analysed by the reviewers are listed in [Appendix D](#) of the report.
- 1.9 The review team has produced this report to record and communicate their work in NHSFV. At the start of each section of their report the review team has provided a summary of the standards and best practices they would expect to see for the area of governance being assessed.
- 1.10 This description of the baseline being used to gauge the effectiveness of the NHSFV governance arrangements is followed by a summary of the **evidence** provided by NHSFV to the review team. The report then describes the review team's **evaluation** of the NHSFV governance arrangements.
- 1.11 The review team has also made **recommendations** for improvements to the governance arrangements in NHSFV and these are contained within the relevant sections of the report. The recommendations are drawn from multiple sources, reflecting the holistic nature of the Blueprint for Good Governance, where each component should be viewed as interdependent. A full list of these recommendations can be found at [Appendix E](#).
- 1.12 The review team's **conclusions** on the overall effectiveness of the NHSFV governance arrangements are summarised at the end of the report where the reviewers have considered the NHSFV Board's approach to active and collaborative governance.
- 1.13 The report also suggests the **next steps** that the NHSFV Board should take to implement the Blueprint for Good Governance. This involves further evaluation of their approach to governance across the healthcare system, and the report includes recommendations on how the NHSFV Board might implement an ongoing development programme that will ensure a continuous improvement approach to corporate governance across NHSFV.
- 1.14 The review team also considered the wider implications for NHS Scotland that have emerged during the review of governance in NHSFV. As a result, the final section of the report identifies a number of areas that the review team suggest the Scottish Government might consider as part of the ongoing work to provide the Scottish Parliament with assurance that the governance of NHS Scotland is to a good standard.
- 1.15 To provide some context and awareness of the challenges faced in the governance of healthcare and to explain the standards and best practices that underpin the review team's assessment of the governance arrangements in NHSFV, the

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following paragraphs give a high-level overview of the approach adopted by the Scottish Government in order to ensure good governance is delivered and continuously improved across NHS Scotland.

2. Blueprint for Good Governance

- 2.1 Governance in NHS Scotland is defined as the means by which NHS Boards direct and control the healthcare system to deliver the Scottish Government policies and strategies and ensure the long-term success of the organisation. It is the ability to ask questions and make decisions to improve population health and address health inequalities while delivering safe, effective and high-quality healthcare services. It is to be distinguished from executive-led operational management.
- 2.2 The Principles of Good Governance reflect the latest thinking and best practice in governance in the public sector, underpin the design of the Blueprint for Good Governance, and provide a framework for the assessment of an organisation's governance arrangements.

Principles

- 2.3 The Principles of Good Governance can be viewed as an executive summary of that which is required to deliver good governance. They are:
 - Good governance requires the NHS Board to set strategic direction, hold executives to account for delivery, manage risk, engage stakeholders and influence organisational culture.
 - Good governance requires a Board that consists of a diverse group of people with the necessary skills, experience, values, behaviours and relationships.
 - Good governance requires that roles, responsibilities and accountabilities at Board and executive level are clearly defined and widely communicated.
 - Good governance requires an assurance framework that aligns strategic planning and change implementation with the organisation's purpose, aims, values, corporate objectives and operational priorities.
 - Good governance requires an integrated governance system that co-ordinates and links the delivery of strategic planning and commissioning, risk management, assurance information flows, audit and sponsor oversight.
 - Good governance requires operating guidance that is agreed, documented, widely- communicated and reviewed by the NHS Board on a regular basis.
 - Good governance requires regular evaluation of governance arrangements to ensure it is proportionate, flexible and subject to continuous improvement.
 - Good governance requires an active approach that anticipates and responds to risks and opportunities which could have a significant impact on the delivery of corporate objectives, the NHS Board's relationships with stakeholders and the management of the organisation's reputation.
 - Good governance requires a collaborative approach that ensures the organisation's systems are integrated or aligned with the governance arrangements of key external stakeholders.

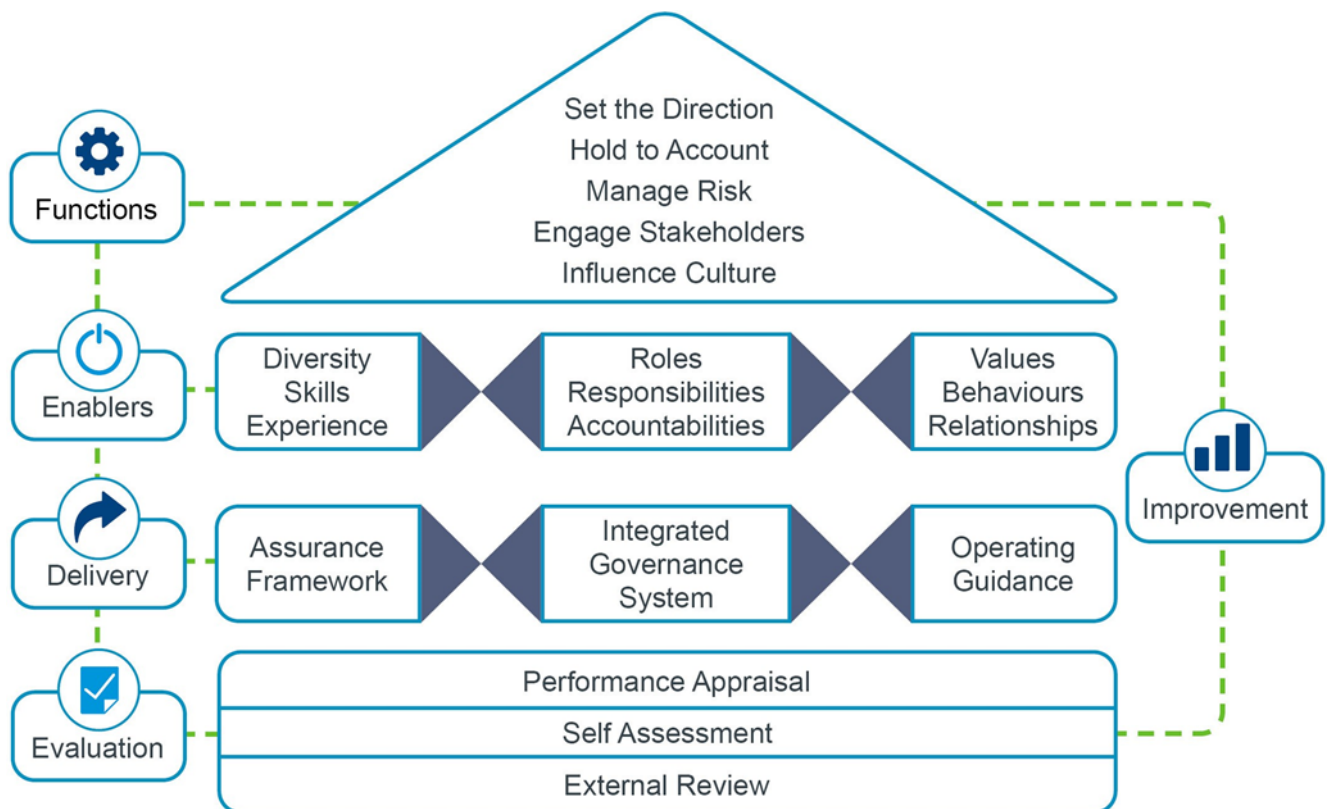
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- Good governance requires governance arrangements that are incorporated in the organisation’s approach to the management of day-to-day operations and the implementation of change.

Blueprint

- 2.4 The primary purpose of the Blueprint for Good Governance model is to provide guidance on how to deliver and sustain good governance in healthcare.
- 2.5 This model builds on the Principles of Good Governance that describe what good governance looks like and provides more detailed guidance to NHS Boards on the functions and the enablers of good governance. It provides definitions of the assurance framework, the integrated governance system and the operating guidance that also need to be in place to deliver good governance.
- 2.6 Adopting the Blueprint model also commits NHS Boards to improving the effectiveness of governance in healthcare by requiring that Boards’ governance arrangements are subject to regular evaluation and ongoing improvement activity.
- 2.7 The latest version of the governance Blueprint describes a four-tiered model where each component should be viewed as interdependent and subject to continuous improvement.

Figure One - The Blueprint for Good Governance



- 2.8 The next section of this report considers how effective the NHSFV Board is in delivering the Blueprint for Good Governance, by assessing the functions essential to ensure good governance is in place.

3. Functions

- 3.1 The Blueprint for Good Governance begins with a definition of the five primary functions of governance. These are described as:
- Setting the direction, including clarifying priorities and defining change and transformational expectations
 - Holding the Executive Leadership Team to account by seeking assurance that the organisation is being effectively managed and change is being successfully delivered
 - Managing risks to the quality, delivery and sustainability of services
 - Engaging with key stakeholders, as and when appropriate
 - Influencing the Board's and the wider organisational culture.
- 3.2 These functions are essential to providing good governance and the following paragraphs describe the review team's assessment of what it found in NHSFV. The recommendations for improvement that come from this assessment are contained within the sections of the report that consider the enablers and the delivery of the governance functions.

Setting the Direction

- 3.3 The Board Members are responsible and accountable for setting the overall strategy and direction of the organisation. They are also responsible for encouraging and facilitating innovation, driving change and transforming service delivery to better meet the expectations and needs of their key stakeholders.
- 3.4 To set the direction the NHS Board should provide advice, support and guidance to the Executive Leadership Team by:
- Determining the organisation's purpose, values, aims, and corporate objectives
 - Approving the corporate strategic and commissioning plans required to deliver the policies and priorities of the Scottish Government
 - Setting the operational priorities for the organisation and agreeing the targets for service delivery with the Scottish Government and the Executive Leadership Team
 - Allocating the budgets and approving the capital investments required to deliver strategic and operational plans.

Evidence

- 3.5 To discharge its responsibility for setting the direction the NHSFV Board has described the organisation's purpose as: ***“To improve outcomes in population health and healthcare whilst demonstrating best value.”***
- 3.6 The NHSFV Board has decided not to adopt the **NHS Scotland Values** but has aligned with them and promoted the organisation's values as: ***“To be person-***

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centred, ambitious, respectful, supportive, a committed team member and act with integrity.”

- 3.7 The organisation’s aims have been set by the NHSFV Board as delivering:
- **Better Health**
 - **Better Care**
 - **Better Value**
 - **Better Workplace**
 - **Better Governance.**
- 3.8 The NHSFV Board has also determined two overarching corporate objectives that need to be achieved to deliver these aims. These are:
- **Planning for the future**
 - **Demonstrating behaviours that nurture and support transformational change.**
- 3.9 A further 24 shared corporate objectives, some of them described as measurable results, have been published to support the corporate aims and these are included in the NHSFV Corporate Statements document that is attached as **Appendix F** to this report.
- 3.10 In order to facilitate and enable the delivery of the organisation’s purpose, aims and objectives, the NHSFV Board has added its expectations in relation to leadership style and culture to the list of Corporate Statements. This has been described as:
- “An Enabling, Inclusive, Collaborative and supportive systems leadership and culture.”**
- 3.11 To deliver the NHSFV Board’s purpose, values, aims and corporate objectives a range of strategic plans have been approved by the NHSFV Board. The development, review and refresh of the NHSFV strategic plans is the responsibility of the Executive Leadership Team. The delivery of the required outputs and outcomes is overseen by the NHSFV Board and its Standing Committees.
- 3.12 The NHSFV Board also provides input to the content of the strategic and commissioning plans determined by the Integration Joint Boards. These describe their ambitions for the delivery of the health and social care functions that are delegated to the Integration Joint Boards under the Schemes of Delegation agreed between the NHSFV Board, Falkirk Council, Stirling Council, and Clackmannanshire Council.
- 3.13 The NHSFV Board approves the Annual Delivery plan that sets the financial and service delivery operational priorities and targets for the current year. This plan is developed in consultation with the Scottish Government and progress is reported by the Executive Leadership Team to the NHS Board and its Standing Committees.
- 3.14 While the overall approach adopted to setting direction by the organisation is comparable to that adopted by the other territorial NHS Boards across NHS Scotland, the review team’s engagement with the NHSFV Board Members has

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raised questions around the extent of their involvement in the delivery of the strategic planning process.

3.15 In particular, the review team was concerned that some Board Members reported feeling disengaged and dissatisfied with the planning process. Discussions around the possible underlying causes of this revealed that Board Members had concerns around a range of issues connected to the strategic planning process. These can be summarised as follows:

- Insufficient evidence of environmental analysis
- Limited consultation with key stakeholder groups, in particular clinicians
- Absence of clear, quantifiable and measurable delivery plans
- Inadequate option appraisals, including absence of data on current performance
- Failure to provide detailed cost/benefit analysis of proposals
- Lack of comprehensive impact analysis on the quality of care

3.16 Concerns were also expressed that elements of some strategic plans appeared to have been developed in isolation. Board Members suggested that when this was coupled with the need for multiple strategies and plans, there was a risk of confusion for some staff as to which activity, project or strategy takes priority and of managers having difficulty in deciding how best to focus and prioritise their resources. It was suggested that some of these difficulties could be overcome if an overarching document was available to management and staff that brings together the disparate elements of the strategic planning process, highlighting the links between the corporate objectives and performance indicators.

Evaluation

3.17 While there is a strategic planning process in place, this would benefit from earlier and more in-depth scrutiny by the NHSFV Board before strategic plans are approved. Board Members should take greater responsibility and adopt a more active approach to setting the direction for the organisation.

3.18 For the NHSFV Board to effectively discharge its responsibility for setting the direction for the organisation, the concerns expressed by the Board Members and the review team will have to be addressed.

3.19 As these concerns can best be resolved by improvements to the strategic planning and commissioning system and by the adoption of a more active and collaborative approach to governance, the review team has made recommendations for improvement later in this report where the effectiveness of the existing planning and commissioning system and the active and collaborative governance approach are assessed.

Holding to Account

3.20 In order to hold the Executive Leadership Team to account an NHS Board requires a clear and accurate picture of past, current, and forecast delivery of services. This understanding of performance over time is necessary to assist Board Members in

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identifying systemic change which requires further investigation and be assured that appropriate action plans are in place to address any ongoing performance issues.

- 3.21 To be assured about the organisation's performance, Board Members must regularly monitor performance, scrutinise results and challenge outcomes. They are required to scrutinise evidence that describes the extent to which:
- The organisation's purpose, values, aims, corporate objectives, operational priorities and targets are being delivered to an acceptable level
 - Public money is being safeguarded and appropriately accounted and resources are being used to secure 'best value' as set out in the Scottish Public Finance Manual
 - The requirements of relevant regulations or regulators are being complied with to the necessary standard
 - Fair and equitable systems of pay and performance management (as determined by the Scottish Government) are being applied to the reward and recognition of the workforce, including the Executive Leadership Team
 - Innovation and transformational change are being delivered and benefits realised
 - Continuous improvement and quality management approaches are embedded in all aspects of service delivery and system failures are identified and remediated
 - Best practices are shared across the organisation with a learning culture being promoted and nurtured.
- 3.22 Board Members should aim to be assured rather than reassured about the organisation's performance. This requires Board Members to consider reliable sources of information before being satisfied with the pace and progress in the delivery of outcomes, rather than being advised by others that performance or actions are acceptable.
- 3.23 Therefore, Board Members must have easy and early access to evidence from a wide range of sources. This requires an effective flow of data, information and feedback at a frequency and in a format that enables Board Members to develop early awareness and understanding of the current situation and the risks and opportunities in the operating environment.

Evidence

- 3.24 While NHSFV does collect and warehouse a significant amount of data, much of it on the Pentana system, the conversion of the financial and performance data into useful information packages for assurance purposes is viewed by many of the Board Members as currently failing to meet their needs for assurance purposes.
- 3.25 The shortcomings in the relevance, validity, accuracy, reliability and timely reporting of information for assurance purposes were described by the Board Members as follows:
- Lack of focus on the early identification of areas of concern and risks to the delivery of the organisation's aims and corporate objective in the future.

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- Absence of trend data, forecasts and benchmarking with over emphasis on past performance
- Lack of integrated reporting on the quality of care and financial sustainability
- Difficulties in identifying key information from the amount of data included in reports due to failure to highlight key issues
- Excessive number, length and inconsistency of format of Board papers
- Frequent late presentation of papers to the NHSFV Board and Standing Committees
- Failure of the NHSFV Board to specify content and format of reports required
- Over-reliance on the data held on the Pentana system to provide assurance
- Concern that case studies as presented, do not always adequately reflect the reality of the patient's lived-experience
- Limitations on Scottish Patient Safety programme contributing to validation of other information due to visits being cancelled or key staff being unavailable
- Inadequate reporting of the implementation of recommendations in specific Health Improvement Scotland and Internal Audit reports.
- Failure to hold individuals to account for completing actions required by the NHSFV Board and Standing Committees
- Deficiencies in holding senior management to account using the current performance appraisal system.

3.26 As a result of the shortcomings in the content and presentation of assurance information and the concerns around performance management at a senior level, Board Members felt they were more often reassured by the Executive Leadership Team's reporting, rather than assured by their own scrutiny and challenge of all the available evidence.

Evaluation

3.27 The review team's scrutiny of Board and Standing Committee papers and minutes confirmed the views of the interviewees about the lack of an effective assurance information system. The current approach to providing assurance information should be revised to take into account the guidance contained within the Blueprint for Good Governance.

3.28 In addition, the review team's observations at NHSFV Board and Standing Committee meetings identified the need for Board Members to consider how they respond to the evidence they receive. They should adopt a more active approach that ensures the appropriate level of scrutiny by rigorously challenging the information presented to the NHS Board and its Standing Committees.

3.29 The NHSFV Board also needs to consider the extent to which the organisation is complying with the Scottish Government's guidance on the completion of performance assessments for executives and senior managers by the NHSFV Chair and Chief Executive. The NHSFV Remuneration Committee need to provide the NHSFV Board with greater assurance on the quality of the performance appraisals for executives and senior managers in NHSFV.

3.30 Therefore, if it is to properly discharge its responsibility to hold the Executive Leadership Team to account, the NHSFV Board must not only improve both the

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effectiveness of the existing assurance information system but also reflect on how Board Members use the information presented to the NHSFV Board and its Standing Committees.

- 3.31 To assist the NHSFV Board in improving its capability to hold the Executive Leadership to account, the review team has made recommendations regarding the quality, flow and use of assurance information to the NHS FV Board later in this report, where the effectiveness of the existing assurance information system and the active governance approach are assessed.

Managing Risk

- 3.32 Board Members must have regard to the wider strategic and policy context in which they operate when considering the risks which could have a significant impact on the delivery of the organisation's purpose, aims, values, corporate objectives, operational priorities and targets. This also applies to managing the risks to the NHS Board's relationships with key stakeholders and risks to their reputation as a public body.
- 3.33 Exercising vigilance and managing risk is a key component of the active approach to governance and requires Board Members to be constantly looking forward, as well as looking backwards to hold the Executive Leadership Team to account for service delivery.
- 3.34 Effective risk management requires that the NHS Board should:
- Agree the organisation's risk appetite
 - Approve risk management strategies and ensure they are communicated to the organisation's workforce
 - Consider current and emerging risks for all categories of healthcare governance
 - Oversee an effective risk management system that assesses the level of risk, identifies the mitigation required and provides assurance that risk is being effectively treated, tolerated or eliminated.
- 3.35 Focusing on risk will not only assist Board Members to make timely, well-informed strategic decisions that affect the long-term future of the organisation, it will also ensure Boards can rapidly identify, escalate and manage issues which otherwise might not be identified or understood.

Evidence

- 3.36 The NHSFV Board has put in place an overall approach to risk management at corporate level that is mostly aligned with the guidance in the Blueprint for Good Governance. The NHSFV Board sets the organisation's risk management appetite, approves the relevant policies, and oversees the outputs from the risk management system at both Board and Standing Committee level.
- 3.37 The arrangements for identifying, assessing and responding to strategic and operational risks are effectively managed by an experienced Corporate Risk Manager.

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- 3.38 The Internal Auditors effectively support the risk management process in NHSFV and the internal audit programme is primarily focussed on addressing strategic and operational risk.
- 3.39 Following an NHSFV Board workshop to review the organisation’s risk appetite workshop, Board Members reported a better understanding of risk management and the NHSFV Board and Standing Committees’ roles in ensuring the active management of risks.
- 3.40 Board Members were generally content that there was a good understanding of the current risk management system at NHSFV Board and Executive Leadership Team level, and confirmed that risk registers were an integral part of the overall approach to governance across the organisation.
- 3.41 However, while they believed that the design of the risk management system is consistent with the best practice described in the Blueprint for Good Governance, some interviewees had reservations about the delivery of the system and therefore, its overall effectiveness. They highlighted the following issues:
- Inadequate identification of emerging and new risks
 - Limited use of risk registers as a driver for performance improvement activity
 - Failure to always include appropriate risk assessment information with draft strategic plans and proposals for change projects.
- 3.42 In addition, some Board Members commented that there was evidence of a “tick box approach” being adopted to the operation of the risk management system.

Evaluation

- 3.43 The review team’s observations and examination of the relevant documents supports the position that there is an appropriate risk management system in place, managed by a capable Senior Risk Officer, and effectively supported by the Internal Auditors. However, their interviews with stakeholders and observations at NHSFV Board and Standing Committee meetings suggest that consideration should be given to how those resources can be utilised in a more effective manner.
- 3.44 Board Members should consider their response to the presentation of the Corporate Risk Register, take greater responsibility and adopt a more active approach to identifying new and emerging risks from their own understanding of the operating environment and the assurance information presented to the NHSFV Board and its Standing Committees.
- 3.45 The Executive Leadership Team should consider how to encourage a more proactive approach to managing risk that is integrated with the day-to-day operational management of healthcare services. Risk registers should be used as a dynamic operational management tool.

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- 3.46 The issues identified around managing risks in NHSFV can be resolved by the adoption of a more active and collaborative approach to governance by the NHSFV Board and Executive Leadership Team.
- 3.47 The review team's recommendations on how improvements can be made to the approach to risk management system across NHSFV are described later in this report where the existing risk management system and the active governance and collaborative approach are assessed.

Engaging Stakeholders

- 3.48 To deliver good governance NHS Boards also need to respect and pursue the rights and interests of all the stakeholders in the healthcare system and effective stakeholder engagement is required to establish and maintain public confidence in the organisation as a public body.
- 3.49 There is a wide range of diverse individuals and communities who can be considered as stakeholders in the NHS. Many of these stakeholders have a keen interest and a major influence in the governance arrangements that exist in the healthcare system.
- 3.50 To ensure meaningful engagement with their stakeholders, NHS Boards should ensure that:
- Key stakeholders are identified and that the approach to engagement adopted takes into account the interest and influence of stakeholders on the work of the NHS Board
 - Appropriate stakeholders are involved in the development of the NHS Board's strategic and commissioning plans, policies and the setting of corporate objectives and operational priorities
 - The organisation's purpose, aims, values, corporate objectives, operational priorities and targets are clear, well communicated and understood by all stakeholders, including patients, service users, the public, managers and the workforce
 - The views of the relevant stakeholders are taken into account when designing services and patient pathways.
- 3.51 Engagement that takes place routinely helps to develop trust between communities and public bodies, fosters mutual understanding and makes it easier to identify sustainable service improvements. Effective stakeholder engagement also assists Boards to create and exploit opportunities to contribute to the Scottish Government's policies on healthcare.

Evidence

- 3.52 The review team's scrutiny of the approach to strategic planning and the implementation of change provided some evidence of a commitment to effective stakeholder engagement on the part of the NHSFV Board and Executive Leadership Team.
- 3.53 The importance of including patient representatives on the Clinical and Care Governance Committee, the opportunity to share first-hand patient stories at Board

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meetings, and the intention to improve the Board Members' engagement with patients during their Scottish Patient Safety visits were recognised and welcomed by the NHSFV Board.

- 3.54 The Area Partnership Forum and the Area Clinical Forum were both considered to be consulted and contribute appropriately to the business of the NHSFV Board. The Employee Director and the Chair of the Area Clinical Forum are both active and valued members of the NHSFV Board and make important contributions at Board and Standing Committee meetings.
- 3.55 The representation of the Trade Unions and Staff Associations at the Staff Governance Committee provides further opportunities for regular and structured engagement with representatives of the NHSFV workforce.
- 3.56 In support of the Scottish Government's policies on the integration of health and social care services, Board Members also represent healthcare interests as members of the Falkirk, and the Stirling and Clackmannanshire Integration Joint Boards. This provides frequent opportunities to engage with key stakeholders in the communities served by NHSFV, including Local Authority Councillors, Primary Care providers, Third Sector service providers and most importantly, patients and service users.
- 3.57 The NHSFV Board Chair regularly attends meetings with the Cabinet Secretary for NHS Recovery, Health and Social Care and the Chief Executive has both informal and formal engagement with the Director General for Health and Social Care and the various Directors responsible for NHS Scotland within the Scottish Government.
- 3.58 While the necessary structures and people are in place to support the NHSFV Board's commitment to effective stakeholder engagement, some concerns around the delivery of this ambition were expressed by the interviewees. The issues raised included:
- Limited opportunities for Board Members to be involved in engagement with a wide range of stakeholder activity, including access to patients
 - Limited engagement between Board Members and senior executives outside of NHSFV Board and Standing Committee meetings
 - Inadequate stakeholder engagement at a senior level to support the establishment of the Integration Joint Boards and the introduction of the Health and Social Care Partnerships
 - Insufficient level of engagement with the workforce (including those with protected characteristics) and their elected representatives in the strategic planning process, particularly the latest version of the NHSFV Workforce Plan.
- 3.59 The concerns expressed by some Board Members around the inadequacies in engagement with the workforce as key stakeholders in the organisation by the NHSFV Board and Executive Leadership Team were also identified by interviewees as contributing to the challenges experienced in influencing and supporting an appropriate organisational culture in NHSFV.

Evaluation

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- 3.60 From their interviews with stakeholders, observations at meetings and review of papers, the review team recognised the NHSFV Board and Executive Leadership Team’s commitment to engaging and communicating with stakeholders. However, the review team also shared the concerns expressed by some interviewees around the effectiveness of those arrangements.
- 3.61 Given the concerns raised by the interviewees, the NHSFV Board should consider revisiting its stakeholder engagement strategy to ensure it meets the needs of both the Board Members and the internal and external stakeholders in NHSFV. This should include consideration of what more Board Members might do to engage directly with the communities they serve and with the senior executives responsible for the delivery of healthcare services to those communities.
- 3.62 The review team also identified significant examples of inadequate stakeholder engagement around the approach adopted at NHSFV Board level to the integration of health and social care services. The lack of effective engagement with the Local Authorities and the Integration Joint Boards and the consequential failure to agree how the functions delegated to the Integration Joint Boards would be delivered by the Health and Social Care Partnership is now accepted by all key stakeholders as the main reason why the integration of services has not been delivered in the manner expected by the Scottish Government.
- 3.63 To ensure the appropriate level of stakeholder engagement across the integration authorities is actively pursued in future, the work currently being supported by the Scottish Government to address concerns around the failure to deliver their expectations relating to the integration of health and social care services should also consider the role of the NHSFV Board, particularly those who are also IJB Members and Local Authority Councillors, in improving stakeholder engagement at the most senior level across the health and social care system.
- 3.64 The comments made concerning the lack of meaningful engagement between the NHSFV Board and the workforce need to be specifically addressed by the NHSFV Board when reviewing their approach to stakeholder engagement. These were of significant concern to the review team, as they suggest a situation exists where employees are unsure of what is expected of them, and have limited access to the NHSFV Board and Executive Leadership Team in order to raise problems and concerns with the senior leadership of the organisation.
- 3.65 Therefore, the review team welcomes the introduction of the change programme to deliver the ‘Compassionate Leadership’ approach as described below. This initiative has been established by the NHSFV Board and Executive Leadership Team to address the issues raised with the review team and other important issues from an organisational culture perspective.
- 3.66 Prior to escalation to Stage Four, the NHSFV Board engaged Professor Michael West to support the delivery of a leadership programme designed to ensure the organisation’s culture is aligned to the NHS Scotland Staff Governance Standard. This programme aims to deliver a ‘Compassionate’ approach to leadership based on delivering four behaviours described by Professor West as follows:
- Attending - being present with and focusing on others

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- Understanding - taking time to properly explore and understand the situations people are struggling with
- Empathising - mirroring and feeling colleagues' distress, frustration, joy, etc.
- Helping - taking thoughtful and intelligent action to support individuals and teams.

- 3.67 If successfully introduced, the review team would expect the NHSFV Compassionate Leadership programme to resolve the issues around the perceived lack of effective engagement and communication between the workforce and the senior leadership of the organisation.
- 3.68 In addition to considering the evidence presented and the review team's assessment of stakeholder engagement in NHSFV, the members of the NHSFV Board and Executive Leadership Team should also reflect on their individual and collective contribution to the issues raised by the interviewees and the review team.
- 3.69 The senior leadership of NHSFV need to take greater personal responsibility and adopt a more active approach to engaging with key stakeholders to ensure a more collaborative approach to the delivery of health and social care services. The review team specifically address how that might be achieved by making recommendations for improvement in the sections of this report where the NHSFV approach to active and collaborative governance are assessed.

Influencing Culture

- 3.70 An organisation's culture comprises its shared values, norms, beliefs, emotions and assumptions about "*how things are and should be done around here*". These '*things*' include how decisions are made, how people interact and how work is carried out.
- 3.71 NHS Boards have a critical role in shaping and influencing organisational culture in healthcare settings. To do this the NHS Board should determine and promote shared values that underpin policy and behaviours throughout the organisation. Board Members must demonstrate the organisation's values and exemplify good governance through their individual behaviours.
- 3.72 To ensure the delivery of the organisation's values the NHS Board should encourage and support an organisational culture that reflects the NHS Scotland Staff Governance Standard. This applies to all staff employed by NHS Boards and the Standard requires NHS Boards to demonstrate that staff are:
- Well informed
 - Appropriately trained and developed
 - Involved in decisions
 - Treated fairly and consistently, with dignity and respect, in an environment where diversity is valued
 - Provided with a continuously improving and safe working environment, promoting the health and wellbeing of staff, patients and the wider community.

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- 3.73 The Staff Governance Standard also requires all NHS staff to:
- Keep themselves up to date with developments relevant to their job within the organisation
 - Commit to continuous personal and professional development
 - Adhere to the standards set by their regulatory bodies
 - Actively participate in discussions on issues that affect them either directly or via their Trade Union/professional organisation
 - Treat all staff and patients with dignity and respect while valuing diversity
 - Ensure that their actions maintain and promote the health, safety and wellbeing of all staff, patients and carers.
- 3.74 The Staff Governance Standard should influence and feature in the design and application of all policies and procedures for the management of people by NHS Boards. The ethos of the Staff Governance Standard should also be reflected in the arrangements with private and independent contractors and partner agencies working with the NHS.
- 3.75 Boards must also ensure that the organisation successfully adopts all policies and other best practice in human resource management as required by the Scottish Government. This includes initiatives such as the iMatter staff experience continuous improvement tool and the National Whistleblowing Standards.

Evidence

- 3.76 As mentioned in the section of this report that considered stakeholder engagement, the NHSFV Board and the Executive Leadership Team have previously identified a number of issues and concerns around the organisation's culture. These longstanding issues resulted in culture being given by the Scottish Government as one of the reasons for the escalation of NHSFV to Stage Four of the NHS Scotland Performance Management Framework.
- 3.77 The review team noted that the Compassionate Leadership programme that was introduced to support NHSFV prior to escalation to Stage Four is expected to not only improve the NHSFV leadership's engagement with the workforce but also to ensure the organisational culture is better aligned to the NHS Scotland Staff Governance Standard.
- 3.78 In addition to taking part in the Compassionate Leadership programme, the Executive Leadership Team Members have taken part in a number of workshops and programmes over recent years to help them build and maintain a fitting approach to leadership at that senior level of the organisation. This is usually seen as an appropriate response to any concerns around behaviours and relationships within the Executive Leadership Team.
- 3.79 The Compassionate Leadership programme and the ongoing team building activity at Executive Leadership Team level are being separately scrutinised and reviewed by the Assurance Board introduced by Scottish Government as part of the escalation process under the NHS Scotland Performance Framework.

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- 3.80 The outcomes of both these initiatives would normally be considered to have a significant and positive influence on the organisational culture of NHSFV. However, while there was a high degree of confidence in the success of the Compassionate Leadership programme, concerns were expressed by some stakeholders about the leadership, commitment, capability and capacity of some of the current team members to resolve the issues they had identified around behaviours and relationships within the NHSFV Executive Leadership Team.

Evaluation

- 3.81 The review team has not duplicated the work of the Assurance Board and has not included any in-depth assessment of the organisation's culture in the corporate governance review.
- 3.82 However, the review team has a responsibility to comment on the leadership and organisational culture where they have relevance to other elements of the Blueprint for Good Governance in NHS Scotland. This is explored further at the section of this report that considers the impact of the senior leadership's values, behaviours and relationships on the governance of the organisation.
- 3.83 The next section of the report considers the enablers to the successful delivery of the governance functions and includes recommendations for improvements to the governance arrangements in NHSFV. Not only do these recommendations focus on the enablers to delivering good governance, they reflect the review team's evaluation of the functions essential to providing good governance, as described in that section of this report.

4. Enablers

Diversity, Skills and Experience

- 4.1 The Blueprint for Good Governance highlights the importance of diversity and a range of skills and experience at Board level.
- 4.2 It is the responsibility of the Scottish Government, working with the NHS Board Chair, to ensure the necessary diversity, skills and experience are present across the NHS Board. This includes determining the NHS Board's requirements during the recruitment of new Members and the on-going development of the skills of existing Board Members.
- 4.3 The recruitment and appointment process is managed by the Scottish Government Public Appointment Team who oversee the regulated public appointments process for Ministers.
- 4.4 The Public Appointments Team follow the Ethical Standards Commissioner's Code of Practice for Ministerial Appointments to Public Bodies in Scotland. The Ethical Standards Commissioner and staff have a remit to encourage fairness, good conduct and transparency in public life in Scotland. The Commissioner regulates and monitors the system used to appoint Board Members, and its staff play a key

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role in assuring that appointments are made on merit, using methods that are fair and open and reflect the diversity of Scottish society.

- 4.5 Diversity is a core value at the heart of the day-to-day business of NHS Scotland. NHS Boards are required to hold their organisation to account for the inclusion and diversity strategies that must form part of their staff governance strategy. It is imperative that Boards demonstrate leadership and engagement to support anti-racist work across their organisation, ensuring improvements to equality, diversity and inclusion are continually monitored and challenged.
- 4.6 To ensure the NHS Board reflects the diversity of their community NHS Boards should support the appointment process by implementing an appropriate attraction strategy which enables the recruitment of a diverse group of Board Members with the skills and experience required to deliver good governance. This includes taking targeted action where appropriate, encouraging and supporting applications from people with protected characteristics that are underrepresented on the NHS Boards of Public Bodies.
- 4.7 NHS Boards require a minimum core set of skills and experience in order to discharge their responsibilities. However, while collectively NHS Boards require certain skills and experience, not every member of the NHS Board will require every skill or experience and diversity amongst Members will bring different contributions to the NHS Board.
- 4.8 The recruitment, training and development of Board Members needs to be focused and built around the skills and experience they require to make an effective contribution to the governance of the organisation.
- 4.9 Board Members also bring a wide range of specialist experience and knowledge to the NHS Board from the public, private, Third or voluntary sectors. This can include lived experience of the services provided by the NHS as either a service user or provider. Experience gained in other settings or organisations can equally be of value to the delivery of good governance.
- 4.10 In addition to any previous experience in a governance role, the list of experience that Board Members can use to support the work of the NHS Board is extensive and can include strategic planning, change management and operations management. Experience and training in financial management and risk management are also relevant to the governance of the NHS, as is human resource management and stakeholder management.
- 4.11 Board Members' experience also adds to the collective knowledge and understanding at Board level, and this is particularly welcomed around equality, diversity and inclusion, research and innovation, digital and information technology, media and communications, governance and legal issues.
- 4.12 Consideration should also be given to the extent to which clinicians are represented on the NHS Board. It is critical that Boards have appropriate skills and experience of clinical matters in order to be assured of the safety and quality of healthcare being

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delivered in both primary and secondary care settings. Having non-executive Board Members from a clinical background can assist in achieving that goal.

- 4.13 Given the integration of health and social care services in Scotland and the need for collaborative governance, it is also important that some experience of social care is available at NHS Board level.
- 4.14 To support succession planning and the deployment of Board Members to Standing Committees and other roles, NHS Boards should maintain a record of the diversity, skills and experience present in the current Board. Any gaps in the diversity, skills, and experience of the NHS Board should be reflected in the NHS Board's succession planning, highlighted to the Cabinet Secretary when recruiting new Board Members and inform the promotion and advertising of vacancies.

Evidence

- 4.15 The review team can confirm that the recruitment of Board Members in NHSFV has been undertaken in line with the policies and best practice determined by the Public Appointments Team and the Ethical Standards Commissioner's Code of Practice.
- 4.16 The NHSFV Board Chair maintains a record of the diversity, skills and experience both required and present in the current Board and this has influenced decisions on past recruitment. However, despite the best efforts of the NHSFV Board Chair and the Public Appointments Team, there remains some issues around the membership of the NHSFV Board.
- 4.17 At the stakeholder interviews Board Members raised the following concerns with the review team:
- Failure of the make-up of the NHSFV Board to adequately reflect the diversity of the population it serves
 - Lack of diversity in relation to the membership of the Executive Leadership Team.
 - Insufficient clinical knowledge and experience among the current cohort of publicly appointed non-executive Board Members
 - Lack of information on the range of skills and experience of the current Board Members
 - Failure of Board Development sessions to fully meet the development needs of all Board Members
 - Concerns around the adequacy of the induction for new Board Members.
- 4.18 Board Members who raised concerns regarding the effectiveness of the induction process felt that more is required to ensure that when individuals join the NHS Board and the Integration Joint Boards they receive customised induction that includes information both at a local and national level on the governance leadership and management expectations and challenges facing the organisation.

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Evaluation

- 4.19 The review team share the Board Members' concerns that the absence of diversity at Board and Executive Leadership level could adversely affect the quality of decision-making due to limited perspectives and potentially lead to a lack of trust and confidence in the NHSFV Board by some stakeholders, particularly those from communities with protected characteristics.
- 4.20 The review team also recognise that it would be unusual for an NHS Board to encompass the full range of skills and expertise which may be required and NHSFV is no different. However, from discussions, observations and reviewing documentation, it appears there are some key areas of weakness bearing in mind the challenges facing NHSFV at this time. These include primary care, transformational change management, digital and information technology, and customer relationship management.
- 4.21 The review team noted that the NHSFV Board has members with a wide range of governance experience gleaned from other sectors. This was positively commented upon by a number of interviewees, especially in relation to the arrival of new Board Members who had taken on responsibility for chairing Standing Committees.
- 4.22 However, there appeared to be a lack of familiarity with and detailed understanding of the NHS Scotland approach to healthcare governance, as set out in the Blueprint for Good Governance. This lack of knowledge and therefore alignment of Board Members' views on how good governance should be delivered in NHSFV, has recently been addressed by the NHSFV Board. Two Development Seminars have been held where the NHSFV Board discussed the approach required in NHSFV to implement the NHS Scotland Blueprint for Good Governance. These sessions were well received by Board Members and should enhance the skills required at Board level to effectively govern the organisation.
- 4.23 In future, the induction of new Board Members needs to go beyond describing the organisation in terms of the services delivered, standards required and the resources available and must also include sessions on the Blueprint for Good Governance to ensure Board Members fully appreciate the requirements of their role in NHSFV.

Recommendations

- 4.24 To address the lack of diversity at Board level, the NHSFV Board Chair should consult with the Scottish Government's Public Appointments Team on what action can be taken to recruit the next tranche of Board Members from those communities currently under-represented on the NHSFV Board.
- 4.25 Similar action should be taken by the NHSFV Chief Executive and Director of Human Resources to determine and address the underlying reasons for a lack of representation of people with protected characteristics at senior management level in NHSFV.

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- 4.26 The NHSFV induction programme should be reviewed by the NHSFV Board Chair and Board Secretary. This review should include the locally delivered induction training and the take-up by Board Members of the range of training material provided by NHS Education for Scotland.
- 4.27 The NHSFV Board Secretary should include details of Board Members' skills, experience, areas of specific expertise, and periods of tenure in the induction pack for new Members.
- 4.28 The NHSFV Board Chair should consider the extent to which the NHSFV Board requires additional expertise in primary care, transformational change management, digital and information technology, and customer relationship management. The Chair should also consider how best to support informed decision-making in these areas whilst these skills are absent from the NHSFV Board.
- 4.29 The NHSFV Board should consider introducing a comprehensive programme of on-going development opportunities for Board Members that is not limited to Development Seminars and is transparently under-pinned by the outcomes of the annual appraisal of Board Members and focussed on the advice, guidance and best practice described in the Blueprint for Good Governance.
- 4.30 The NHSFV Board Chair should also consider the extent to which NHSFV has exploited the potential of mentoring of Board Members by utilising the expertise and experience available through the NHS Education for Scotland mentoring programme. Encouraging take-up of this opportunity by Board Members would provide another tailored opportunity to develop the skills of individuals on the NHSFV Board.
- 4.31 To support its efforts to improve diversity, skills and experience at Board level, the NHSFV Board should consider the value of having a Succession Planning Policy and establishing a Succession Planning Committee.

Roles, Responsibilities and Accountabilities

- 4.32 To support and deliver the functions described in the Blueprint for Good Governance it is essential that there is a common understanding of the roles, responsibilities and accountabilities of the principal groups and individuals that participate in the governance of healthcare.
- 4.33 Therefore, the definitions of roles, responsibilities and accountabilities included in the Blueprint for Good Governance are intended to help the Scottish Government, Board Members, Executive Directors and NHS Board Secretaries identify and deliver their respective functions within healthcare governance.
- 4.34 Together with the descriptions of the values and standard of behaviours expected of Board Members, the definitions of roles, responsibilities and accountabilities facilitates the appraisal of the performance of members of the NHS Board and Executive Leadership Team.

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Evidence

- 4.35 The review team found that the roles, responsibilities and accountabilities allocated to NHSFV Board and Executive Leadership Team members were broadly consistent with the requirements set out in the Blueprint for Good Governance.
- 4.36 However, while the interviewees appeared to have a shared understanding of the requirements of the role of the NHSFV Board and Executive Leadership Team, the following issues were raised during the stakeholder interviews:
- Lack of a consensus view on the governance responsibilities, service model, resource allocation and supporting organisational structure of the integration of health and social care
 - Poor communication around who was responsible and accountable for specific operational areas when senior staff moved on, were absent for substantial periods or placed in interim roles
 - Lack of understanding on the role of the Corporate Management Team which, until recently, had not been operational
 - Confusion around the number and placement of individuals within the organisation who have responsibilities for supporting the Chief Executive and other members of the Executive Leadership Team.
- 4.37 Some interviewees also questioned what they considered excessive line management responsibilities placed on the Chief Executive's role in NHSFV.
- 4.38 In addition to considering the individual and collective roles, responsibilities and accountabilities of the NHSFV Board, the review team sought the views of the interviewees on the adequacy of the time available to Board Members to discharge their responsibilities.
- 4.39 The majority of Board Members commented on the lack of capacity in the NHSFV Board to adequately meet the work demands, especially where Board Members also served on Integrated Joint Boards. This had become even more evident now the focus on achieving de-escalation was pre-eminent.

Evaluation

- 4.40 The review team acknowledged the separate work being undertaken by the NHSFV Executive Leadership Team and the Scottish Government to address the issues identified around the implementation of the integration of health and social care in the Forth Valley Area.
- 4.41 As that initiative includes the effectiveness of the governance arrangements for the Integration Joint Boards and the operational management structures and resources deployed in the Health and Social Care Partnerships, the review team has not commented on this aspect of the NHSFV business, other than recognising where it has had an adverse impact on the delivery of those functions not delegated to the Integration Joint Boards under the Integration Schemes currently in place.

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- 4.42 The review team has noted and welcomed the recent work to refresh the Integration Schemes and therefore tackle many of the issues that have been shared by the stakeholders interviewed during the corporate governance review of NHSFV.
- 4.43 The review team noted the various concerns raised by interviewees around the roles and responsibilities, spans of control, vacancy filling and reporting arrangements at senior management level within the Acute Services directorate. It should also be noted that these concerns have been recognised by the Executive Leadership Team and significant changes have been made to the management structure and reporting arrangements since the appointment of the Interim Director for Acute Services. This was part of the NHSFV response to the escalation to Stage Four of the Performance Management Framework. These changes need to be evaluated, kept under review and widely communicated to all the key stakeholders in NHSFV.
- 4.44 The Corporate Management Team has been reintroduced into the meeting framework at senior management level and this group is now regarded as making a contribution to the delivery of healthcare services in NHSFV. This should continue and consideration should also be given to how the role of the Corporate Management Team can be further developed to ensure managers at this level continue to make a significant contribution to the management and leadership of NHSFV. The work of the Corporate Management Team should be widely communicated throughout the organisation. The same can be said about the roles of the other individuals and teams that support the members of the Executive Leadership Team.
- 4.45 The management responsibilities attached to the Chief Executive role are significant but in the review team's experience, similar to those of other territorial Health Boards in NHS Scotland. By their nature and particularly in recent times, all of these posts are heavily-loaded and demanding, requiring individuals to work long hours under pressure for continuous periods of time. This requires a high degree of commitment and resilience but should not be beyond the capability of someone at NHS Chief Executive level.
- 4.46 In response to the concerns around Board Members' capacity, the NHSFV Board Chair has recently exercised the delegated authority from the Scottish Government to increase the number of Board Member days available to adequately meet the demands of good governance. This has meant that a number of Board Members are now committed to working two days, rather than one day per week on NHSFV Business.
- 4.47 The review team shared the concerns expressed by the interviewees concerning the capacity of the Board Members to meet the challenges faced at this time by the NHSFV Board and Integration Joint Boards and welcomed the NHSFV Board Chair's decision to increase the resources available to support the governance of NHSFV.
- 4.48 The role of the Board Secretary in the organisation's response to issues and concerns around corporate governance in NHSFV was also considered by the review team. While they were impressed by the NHSFV Board Secretary's

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commitment, enthusiasm and approach to delivering the current role and responsibilities allocated to that post, given the design of the role, the current Board Secretary was not expected to be involved in the more complex and longstanding corporate governance and leadership issues faced by the NHSFV Board and Executive Leadership Team. However, the review team consider that the organisation would have had the capability to respond more effectively to some of these, if the role of the Board Secretary had been of a higher grade and positioned within the management structure as the single point of contact and expertise on all corporate governance matters.

Recommendations

- 4.49 When considering the outcome of the joint review of the implementation of the integration of health and social care in the Forth Valley area, the NHSFV Board and the Scottish Government should ensure that any changes in the governance or operational management arrangements do not adversely impact on the governance of the end-to-end healthcare system.
- 4.50 In particular, the NHSFV Board should discuss and agree structures, processes and systems of accountability, including management and governance of partnerships, shared services, collaborations and joint working arrangements to ensure effective and efficient delivery of high-quality health and social care throughout the NHS Forth Valley area.
- 4.51 The NHSFV Chief Executive should review and clarify organisational, clinical and administrative structures and ensure these are disseminated to the workforce and to partner organisations where relevant.
- 4.52 The NHSFV Chief Executive should also review the approach to replacing staff to ensure clarity on roles and responsibilities are reflected in active organograms and made widely available to the workforce.
- 4.53 The purpose and membership of the NHSFV Corporate Management Team should be consulted upon and refreshed to ensure all of the workforce have a transparent route to the NHSFV Executive Leadership Team, are aware of the organisational structure and their own and others' roles, responsibilities and accountabilities.
- 4.54 The NHSFV Board Chair and Chief Executive should review the advisory and administrative needs of the Chair, the NHSFV Board, Standing Committees, Executive Leadership Team and Corporate Management Team to ensure adequate and efficient administrative support arrangements are in place. This review should include consideration of the role, responsibility and grading of the Board Secretary.

Values, Behaviours and Relationships

- 4.55 All members of NHS Boards should consider what is expected of them individually and collectively in terms of demonstrating the organisation's values and displaying the behaviours expected of a Board Member of a public body. This includes conducting their relationships in a manner that reflects these standards.

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- 4.56 While everyone in NHS Scotland is expected to demonstrate these values, Board Members have an additional responsibility to act as role models for the rest of the workforce.
- 4.57 NHS Board Members and all NHS employees are expected to demonstrate the values set by the Scottish Government for NHS Scotland, as published in the [2020 Workforce Vision 'Everyone Matters'](#). These values are:
- Care and compassion
 - Dignity and respect
 - Openness, honesty and responsibility
 - Quality and teamwork.
- 4.58 In addition to adopting appropriate values, NHS Boards must act morally, ethically and fairly if they are to deliver good governance in healthcare. In common with all public bodies in Scotland, Boards are required to have in place a Code of Conduct that sets out the standards of behaviours expected of their Board Members.
- 4.59 To support the delivery of the requirements set out in the [Ethical Standards in Public Life etc. \(Scotland\) Act \(2000\)](#), the Scottish Government's Public Bodies Unit has developed a Code of Conduct specifically designed for Members of Health Boards. This not only sets out how the provisions of the Code should be interpreted and applied in practice, it also gives guidance on the rules regarding remuneration, allowances, expenses, gifts and hospitality, lobbying, registration of interests and the confidentiality of information.
- 4.60 Board Members must apply the values of the organisation and NHS Scotland and the principles of the Code of Conduct for Members of Health Boards in their dealings with fellow members of the NHS Board, its employees and other stakeholders. The NHS Board Chair has a responsibility to ensure that Members receive the necessary support to act in the appropriate manner at all times.

Evidence

- 4.61 In addition to promoting the NHS Scotland values statement, the NHSFV Board has determined the values of NHSFV as:
- person-centred
 - ambitious
 - respectful
 - supportive
 - a committed team member
 - acting with integrity.
- 4.62 In common with all NHS Boards in Scotland, the NHSFV Board has adopted the model Code of Conduct proposed by the Scottish Government and the NHSFV Board has in place appropriate provisions regarding guidance and rules around remuneration, allowances, expenses, gifts and hospitality, lobbying, registration of interests and confidentiality.

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- 4.63 The stakeholder interviews held by the review team provided an opportunity for the key players in the NHSFV governance system to consider how their values, relationships and behaviours enable the delivery of good governance. The following observations and comments reflect their views and experiences of what it is like to work as part of the NHSFV Board and Executive Leadership Team. The interviewees highlighted the following areas of concern:
- Lack of robust challenge at NHSFV Board and Standing Committee meetings in the past, although this has improved following escalation to Stage Four of the Performance Management Framework and the recent discussions on the Blueprint for Good Governance
 - Lack of understanding of the correct processes and pathways available to NHSFV Board Members to address poor performance, resolve issues or escalate concerns
 - Inappropriate response by some members of the NHSFV Executive Leadership Team when challenged by Board Members
 - Inadequate response on some occasions when issues were escalated to the senior leadership of NHSFV
 - Lack of commitment to resolving longstanding issues at various internal and external meetings by some members of the senior leadership team
 - Lack of a psychologically safe space within the NHSFV Executive Leadership Team with some interviewees admitting to becoming frustrated, disengaged and seeing little value in attendance at some meetings
 - Difficulties in maintaining effective professional relationships between all members of the NHSFV Executive Leadership Team with the suggestion that the lack of progress with the integration of health and social care services is the major area of contention and an underlying cause of friction
 - Inadequate feedback to the NHSFV Board on progress and differing views within the NHSFV Executive Leadership Team on the level of success achieved by current and past organisational development interventions designed to resolve difficulties in building a high-performing leadership team
- 4.64 A number of interviews also shared their concern that the required improvements in behaviours and relationships within the NHSFV Executive Leadership Team were unlikely to be achieved without some changes to the membership of that group.

Evaluation

- 4.65 While the review team considered that the NHSFV Board and Standing Committee meetings are well-attended and Board Members can be relied upon to conduct themselves in accordance with the Code of Conduct, the review team recognise many of the issues identified at the stakeholder interviews and share some of their concerns.
- 4.66 While seeing value in a Board carefully considering the organisation's values, the review team question the need for publishing two value statements, one from NHS Scotland and one from NHSFV, and have concerns as to how that might be perceived by the workforce with the risk that confusion could arise over what was expected of staff.

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- 4.67 The review team consider it likely that the lack of challenge at NHSFV Board and Standing Committee meetings was partly a result of the “light touch governance” in place during the Coronavirus pandemic. This has not yet been fully reversed but the latest intake of Board Members has raised the level and quality of challenge, debate and where applicable, the chairing of Standing Committees. The escalation to Stage Four of the Performance Management Framework has also resulted in Board Members adopting a more robust approach to scrutiny and challenge at meetings.
- 4.68 The continuing absence of a shared and agreed understanding of the optimum model for the integration of the delivery of health and social care services is one of the underlying issues that has caused many of the difficulties in establishing and maintaining effective working relationships at senior leadership level in NHSFV.
- 4.69 The difficulties experienced in establishing a healthy working environment within the Executive Leadership Team is also seen by many as a contributory factor to the adverse impact on individuals’ health and wellbeing. The delay in addressing this situation could be seen as a failure by the NHSFV Board to exercise an appropriate duty of care to those Executive Team Members affected by this situation.
- 4.70 In addition, the difficulties experienced by the NHSFV Executive Leadership Team also adversely affected the organisation’s ability to adequately and effectively lead the changes required for long-term, sustainable success and could contribute to a lack of stakeholder and public confidence and trust in the NHSFV Board.
- 4.71 The review team also consider it important to highlight that the failure so far to resolve the issues around behaviours and relationships at Executive Leadership Team have had a significant impact on both the organisational culture and the governance arrangements in NHSFV.
- 4.72 The NHSFV Board has to accept responsibility for the lack of scrutiny and failure to challenge the delay in finding sustainable solutions to the problems with behaviours and relationships that had developed within the Executive Leadership Team.
- 4.73 The NHSFV Board also needs to consider how it can develop a more effective relationship with Executive Leadership Team members that enables them to identify issues and offer solutions to support the leadership and operation of that team. The NHSFV Board needs to accept responsibility for supporting the creation and maintenance of a high-performing Executive Leadership Team.
- 4.74 The failure to consider the appropriate issues at Board level and the lack of effective challenge at NHSFV Board and Standing Committee meetings was widely observed by the review team and is considered further in the sections of this report that explore the extent to which the NHSFV Board and Executive Leadership Team embraced the active and collaborative approach to governance required to deliver the NHS Scotland Blueprint for Good Governance.

Recommendations

- 4.75 The NHSV Board should review the impact of their decision to adopt and promote a locally devised set of organisational values alongside the NHS Scotland values that already apply to the workforce.

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- 4.76 The NHSFV Board Chair should consider arranging a Board Development Session, facilitated by an experienced governance expert, to explore how best to optimise Board Members' contributions to Board and Standing Committee meetings.
- 4.77 While NHSFV Board Members should have the opportunity to assist the NHSFV Board Chair in identifying the areas where improvement is required, the Development Session should, as a minimum, consider the following issues:
- The Board Members' contribution to setting the NHSFV Board and the Integration Joint Boards' agendas
 - The approach adopted by Board Members to raising concerns and challenge appropriately, in order to be assured and adopt a more active and collaborative approach to the governance of health and social care
 - The potential benefits from the introduction of a Board Protocol along the lines suggested in the Blueprint for Good Governance
 - The effectiveness of the current training available to provide Board Members with the skills necessary to ensure best use is made of the time and contribution of individual Board Members.
- 4.78 The NHSFV Board Chair should introduce a programme of 1:1 meetings with all executive, publicly appointed and stakeholder Board Members. The NHSFV Board Chair should also regularly meet informally with those Executive Leadership Team Members who are not also NHSFV Board Members. This should be viewed as an opportunity to share concerns, improve transparency and develop effective relationships.
- 4.79 Although making specific recommendations around the organisational culture in NHSFV is outwith the scope of this review, the NHSFV Board Chair should ensure the findings of this report are available to the people responsible for addressing the issues around leadership and culture that influenced the escalation of NHSFV to Stage Four of the Performance Management Framework.
- 4.80 The NHSFV Board Chair should also make this report available to the people reviewing the implementation of health and social care in Forth Valley and the Local Authority Leaders and Chief Executives of Falkirk, Stirling and Clackmannanshire Councils, and the Members of the Integration Joint Boards should be invited to discuss how they can work collaboratively to better define the direction for the devolved functions.
- 4.81 Defining the functions and enablers of the governance approach is not enough to ensure good governance. To embed the Principles of Good Governance, NHS Boards must also implement governance arrangements that are specifically designed to deliver this approach at Board level.
- 4.82 The following paragraphs describe how NHS Boards should go about delivering the Blueprint for Good Governance, reports the review team's evaluation of the effectiveness of these systems and includes recommendations for improvements to the delivery of the governance arrangements in NHSFV that they also take into account the review team's earlier evaluation of the functions and the enablers

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essential to providing good governance. This ensures the review presents a holistic view of the overall governance arrangements in NHSFV.

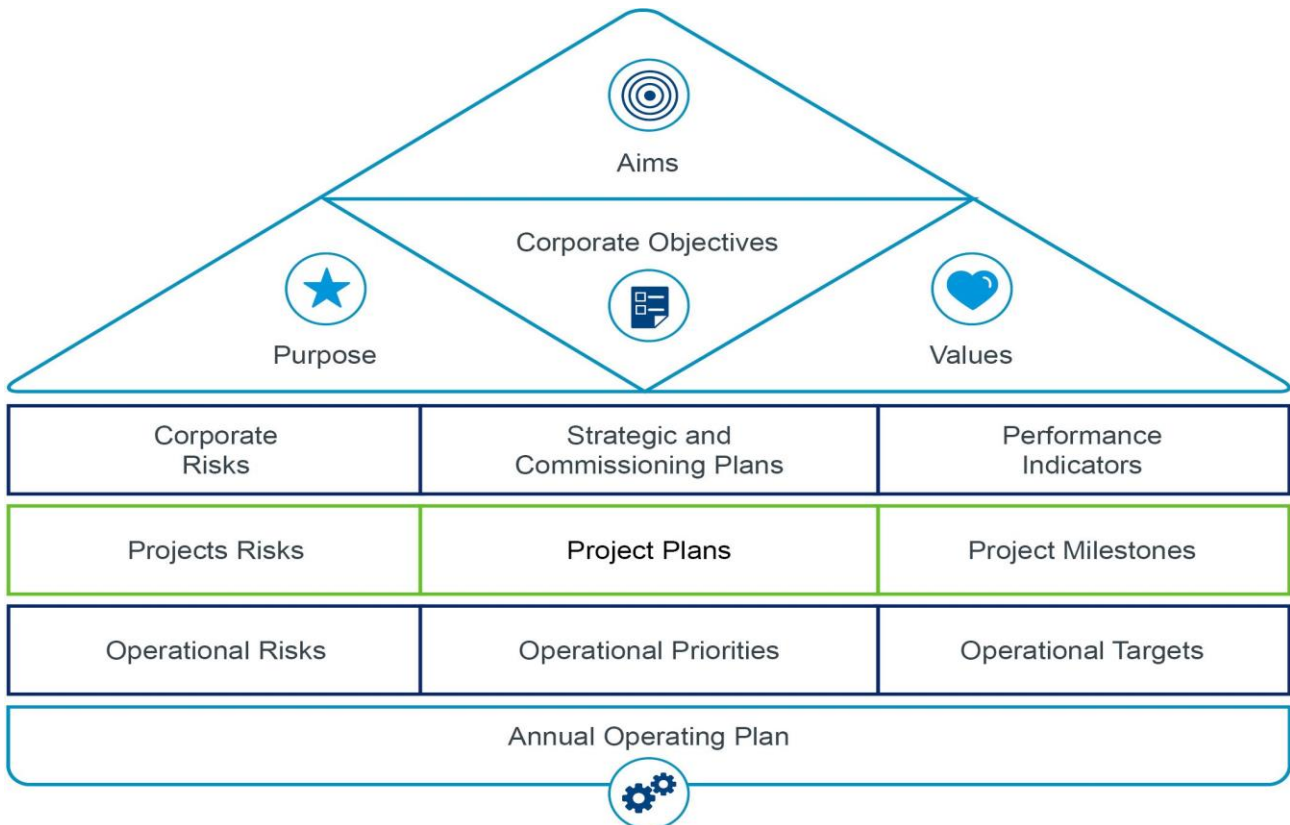
5. Delivery

- 5.1 To support the delivery of the highest standards of governance, the Blueprint for Good Governance requires NHS Boards to construct an assurance framework and implement an integrated governance system that brings together the organisation’s strategic planning, risk management and assurance information systems, aligning them to the audit arrangements and the NHS Scotland Performance Management Framework.
- 5.2 The assurance framework and integrated governance system must be supported by a suite of operating guidance documents and it is critical to the delivery of good governance that these arrangements are widely communicated across the organisation.

Assurance Framework

- 5.3 Delivering good governance starts with the development of an assurance framework. This model can be used as a tool to bring together and align the organisation’s purpose, aims, values, corporate objectives and risks with the strategic plans, change projects and operating plans necessary to deliver the desired outcomes.

Figure Two - The Assurance Framework



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- 5.4 The assurance framework is primarily used to identify and resolve any gaps in control and assurance and helps identify any areas where assurance is not present, insufficient or disproportionate in relation to the delivery of the NHS Board's corporate objectives or operational priorities.
- 5.5 The construction of the assurance framework also ensures the systems introduced for strategic planning and commissioning, implementing change, managing risk and providing assurance information are all aligned and focused on the corporate objectives and operational priorities.
- 5.6 The assurance framework also describes the performance indicators, change project milestones and targets linked to each of the corporate objectives and forms the foundations for the assurance information system that provides the accountability reports to the NHS Board and Standing Committees.
- 5.7 Introducing an assurance framework also helps executives, managers and staff better understand how the organisation is governed and their role and accountabilities within the governance system. It emphasises the division of responsibilities between the NHS Board and the Executive Leadership Team.

Evidence

- 5.8 The review team was unable to identify any documentary evidence of an assurance framework as described in the Blueprint for Good Governance having been constructed by or communicated to the NHSFV stakeholders. However, the individual parts of an assurance framework were readily identified by the review team.
- 5.9 The NHSFV Board had considered the organisation's purpose, aims, values, corporate objectives and produced a set of corporate statements that reflect the strategic direction the NHSFV Board has set for NHSFV. The Corporate Statements document is attached as [Appendix F](#) to this report.
- 5.10 There is also a range of strategic and commissioning plans in place, with some clearly supported by detailed implementation projects. Some of the risks to the successful delivery of these plans and projects are included in the risk management system and a range of performance indicators and project milestones are in place in an attempt to monitor progress towards delivering the corporate objectives.
- 5.11 The Annual Operating Plan that is required to deliver the next steps towards achieving the organisation's purpose and its medium and long-term aims and objectives has been approved by the NHSFV Board. The risks to the delivery of the Annual Operating Plan and the operational targets set by the NHSFV Board are scrutinised by either the NHSFV Board or its Standing Committees.

Evaluation

- 5.12 While the review team concluded that the necessary components of an assurance framework were in place, it was evident from the interviews with the stakeholders that the relationship and connection between requisite components had not always

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been established or highlighted when individual aspects of the NHSFV business were being considered at Board level.

- 5.13 Following the publication of the second edition of the Blueprint for Good Governance in December 2022, the NHSFV Board should have been aware of the requirement to develop an assurance framework. The review team found no evidence that this had been considered or prioritised by the NHSFV Board.
- 5.14 The absence of an assurance framework has contributed to the lack of clarity around the relationships between the outcomes expected by the NHSFV Board and the strategic plans, transformational change projects and operational plans developed by the Executive Leadership Team to deliver those outcomes. This has increased the risk that the delivery of strategic and transformational change and current operational outputs and outcomes are not subject to appropriate scrutiny, at the appropriate level and in the appropriate place within the governance system.
- 5.15 The NHSFV Board's ability to consider longer-term strategic issues and risks in an holistic, whole-system fashion, with the Standing Committees primarily focusing on the delivery of specific areas of the business, is limited by the absence of a comprehensive assurance framework. This framework would assist Board Members in identifying relationships and dependencies when considering the NHSFV approach to the planning and delivery of current operations and change projects.
- 5.16 To support the collaborative approach to governance it will be important that the NHSFV Board takes account of the purpose, aims, corporate objectives and risks within the strategic plans and commissioning plans produced by the local Integration Authorities, when developing the NHSFV assurance framework.

Recommendations

- 5.17 The NHSFV Board should commission work to establish or confirm the connections, alignment and dependencies between the component parts that make up an assurance framework. The output from this initiative should be a comprehensive assurance framework that supports the NHSFV Board and Standing Committees in delivering good governance at all levels of the governance system.
- 5.18 The assurance framework developed by the NHSFV Board should reflect a collaborative approach to the delivery of health and social care across NHSFV and should be widely shared and communicated to the relevant stakeholders.

Integrated Governance System

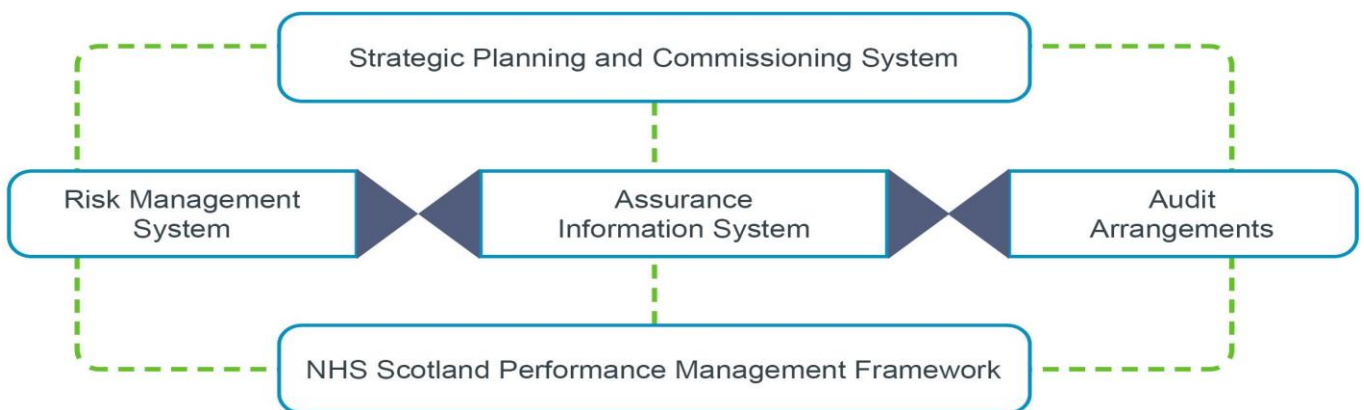
- 5.19 NHS Boards should go beyond simply constructing an assurance framework to deliver good governance. To effectively implement the assurance framework NHS Boards require to integrate the various governance approaches and systems across the organisation.
- 5.20 Integrated governance requires an all-encompassing approach to the delivery of the services provided by the organisation. It brings together the distinct governance systems required to direct and control the management of operations and the

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leadership of change, and the effective integration of these systems is critical to the delivery of the active and collaborative approaches to governance.

- 5.21 The integration of the individual governance systems also ensures that the internal management controls, the NHS Board's oversight, the independent assurance from the internal and external auditors are aligned in a manner that provides a rich and added value picture that informs and influences the Scottish Government's assessment of governance as part of their Performance Management Framework.
- 5.22 In NHS Scotland there are five discrete but linked assurance systems that can be considered as the integrated governance system that supports the delivery of good governance. Collectively, these systems provide the Scottish Government, the NHS Board, the Standing Committees and the Integration Authorities with important information that helps them to be assured that good governance is in place across the healthcare system.
- 5.23 To support NHS Boards in developing and delivering an integrated governance system the Blueprint for Good Governance includes detailed supplementary guidance on best practice in relation to the individual governance systems.

Figure Three - The Integrated Governance System



- 5.24 The NHS Board has accountability for the risk management system, the assurance information system and shares ownership of the strategic planning and commissioning system with the Integration Authorities.
- 5.25 The integrated governance system also includes the internal and external audit arrangements required to provide the NHS Board and key stakeholders with assurance that the system of internal controls is functioning as intended. The main contributors to the audit arrangements are the NHS Board, the Internal Auditors, the External Auditors and the Audit and Risk Committee.
- 5.26 The Scottish Government owns and operates the NHS Scotland Performance Management Framework. As the sponsor of the NHS Boards, the Director General for Health and Social Care has put in place a performance management framework to assist the Scottish Government in ensuring that the NHS Boards are delivering

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services and targets to the required standards, within budgets and with the appropriate governance.

Evidence

- 5.27 To arrive at an assessment of the effectiveness of the integrated system the review team first considered the evidence provided by NHSFV on each of the governance systems currently in place.

Strategic Planning and Commissioning System

- 5.28 While the review team was content that the strategic planning and commissioning systems and processes in place had produced a suite of strategic and commissioning plans, they found that not all of these plans reflected best practice, as described in the supplementary guidance on strategic planning and commissioning contained in the latest version of the Blueprint for Good Governance.
- 5.29 The stakeholder interviews confirmed that NHSFV Board Members are now aware of the best practice described in the second edition of the Blueprint for Good Governance published in December 2022.
- 5.30 Therefore, it is expected that the next series of strategic and commissioning plans will be developed in accordance with the latest guidance. Adopting this approach should assist in addressing the majority of the concerns raised by Board Members around the extent to which they are personally involved in setting the direction for the organisation.

Risk Management System

- 5.31 The risk management system in place in NHSFV is consistent with the supplementary guidance in the Blueprint for Good Governance. It is also compliant with the requirements of the [HM Government Orange Book](#) and the [Scottish Public Finance Manual](#).
- 5.32 An experienced Senior Risk Officer is in place and the both the corporate and the operational risk systems are regularly reviewed at the appropriate level by the NHSFV Board and the Executive Leadership Team.
- 5.33 As a result, the risk management system operates well in relation to the risks included in the risk registers. However, concerns have been raised by Board Members concerning the identification of new and emerging risks, in particular the lack of direct involvement of Board Members in this part of the risk management process.
- 5.34 Although the risk management systems, policies and processes in place provide the NHSFV with an overview of the level of corporate and operational risks in the current environment, the integration of the risk management system with the strategic planning and commissioning and the assurance information systems was not obvious to the review team. This lack of integration of these systems may have

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been a contributory factor in the failure of the NHSFV Board to address the risk of being escalated to Stage Four of the Performance Management Framework.

Assurance Information System

- 5.35 In common with all NHS Boards, there is a significant amount of data used across NHSFV to both manage performance and support the governance of the organisation. This data is usually presented in the same format for both purposes.
- 5.36 The guidance in the Blueprint for Good Governance describes how NHS Boards should develop a discreet information system in order to support assurance at Board level and encourage a more active approach to governance by individual Board Members.
- 5.37 Despite the NHSFV Board having taken part in an NHS Education for Scotland initiative to introduce this more active approach, the review team found little evidence of the implementation of this approach.
- 5.38 The need for a redesign of the assurance information flows to the NHSFV Board was recognised by Board Members who expressed concerns that the current approach does not meet their needs in relation to holding the Executive Leadership Team to account for their stewardship of the organisation.

Audit Arrangements

- 5.39 The review team's assessment of the NHSFV audit arrangements concluded that the system in place was effective and the outputs provided the NHSFV Board and the Scottish Government with the required levels of assurance.
- 5.40 However, one area of concern was the number of delays in completing the actions necessary to implement recommendations made by the Internal Auditors.
- 5.41 It should be noted that there has been a significant improvement in this area since NHSFV was escalated to Stage Four of the NHS Scotland Performance Framework and steps taken to ensure this situation doesn't occur in future.
- 5.42 A further area of concern for the review team was the apparent lack of challenge to the NHSFV Board by the Internal Auditors concerning the issues around integration of health and social care and the dysfunctional relationships within the Executive Leadership Team.

NHS Scotland Performance Management Arrangements

- 5.43 The final component of the integrated governance system is the NHS Scotland Performance Management Framework. The NHS Scotland Performance Management Framework describes the five stages of a Ladder of Escalation that provides a model for intervention by the Scottish Government when there are concerns about a NHS Board's ability to deliver the expected standards, targets and governance.

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- 5.44 The model not only describes the stages of performance but also the level of support that would be provided by the Scottish Government Directorates for Health and Social Care at each stage. NHSFV was escalated to Stage Four which is defined as the situation having significant risks to delivery, quality, financial performance or safety with senior level external support required. This support is described as being a transformation team reporting to Director General and CEO NHS Scotland.
- 5.45 The terms of reference for the governance review did not include the requirement to provide an assessment of the effectiveness of the escalation process. However, a number of stakeholders interviewed commented that the utilisation of the Performance Management Framework had encouraged and supported the NHSFV Board to address the challenges being faced by the organisation and the recent Board development sessions focussing on the Blueprint for Good Governance were seminal in supporting this improvement. While the evidence scrutinised by the review team supports that view overall, there were some issues raised by members of the NHSFV and Executive Leadership Team that merit inclusion in this report.
- 5.46 While the introduction of external, expert resources such as the Acting Director of Acute Services was widely welcomed and the relationship with the Scottish Government's Assurance Board was recognised as positive and supportive, the actions and information flows at the point where NHSFV was escalated to Stage Four were subject to some criticism. The escalation came as a surprise to many Board Members and the precise reasons and underlying evidence for the Director General taking this action remained unclear for some time.

Evaluation

- 5.47 Having reviewed the integrated governance system, the review team's evaluation considered both the effectiveness of the individual systems and the extent to which they are aligned, and how effectively they combine to deliver good governance.
- 5.48 Given the close relationship between healthcare and social care services and the integrated approach to delivering these services required by NHS Boards and Local Authorities in Scotland, it is critical to the effective planning and commissioning of primary and secondary healthcare that the commissioning plans developed by the Integration Authorities align with the strategic plans approved by the NHSFV Board.
- 5.49 The NHSFV Board requires assurance that all strategic and commissioning plans include comprehensive risk assessments and equality and environmental impact assessments.
- 5.50 The strategic and commissioning plans should also be clear about how success will be measured and the governance arrangements for oversight of delivery, including details of the information flows to the NHSFV Board on the progress being made with implementation.
- 5.51 Therefore, not only the risk management system but also the assurance information system needs to be integrated with the strategic planning and commissioning system. The review team could see evidence of where this had been in part

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achieved but the existing arrangements for information flows to the NHSFV Board and Standing Committees would appear to have been developed incrementally, rather in a structured manner based on best practice, as described in the Blueprint for Good Governance.

- 5.52 Having assessed the effectiveness of the governance systems individually and collectively in delivering good governance, the review team has made recommendations to support the implementation of an assurance framework and integrate the various governance approaches and systems in NHSFV.

Recommendations

- 5.53 Firstly, the NHSFV Board should ensure that all new strategic and commissioning plans follow the guidance set out in the Second Edition of the Blueprint for Good Governance published by the Scottish Government in December 2022.
- 5.54 Consideration should be given to identifying strategic plans already approved by the NHSFV Board and the Board Members should decide which, if any, of these plans require to be updated to better align them with the best practice described in the Blueprint for Good Governance.
- 5.55 To ensure early and in-depth scrutiny by Board Members before strategic plans are approved, the NHSFV Board should put in place a strategic planning cycle that clearly indicates where and when the NHSFV Board is involved in considering options, assessing risks, giving approval and thereafter in monitoring delivery of the NHSFV Board's strategic plans. To facilitate this approach, a strategic planning framework should be maintained.
- 5.56 For each of the strategic and commissioning plans, the strategic planning framework should describe the period covered and the corporate objectives addressed by the plan. It should also identify the stakeholders consulted, the author, the approver and the date approved. Details of the reporting arrangements and the expected date of the next review by Board Members should also form part of the framework.
- 5.57 When approving new or reviewing earlier strategic and commissioning plans NHSFV Board members should seek assurance that any risks identified as part of the planning process are also reflected in the NHSFV risk management system at the appropriate level. The NHSFV Board should also consider how risk and performance reporting are appropriately linked.
- 5.58 The NHSFV Board should ensure that understanding of risk identification and management is appropriately shared at all levels throughout the organisation.
- 5.59 The NHSFV Board should commission work to review and refresh the current information flows to the NHSFV Board and its Standing Committees. The outcome of this work should be a revised assurance information system based on the best practice described in the Blueprint for Good Governance.

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- 5.60 The revised assurance information system should include functionality that delivers regular updates on visits, reviews and recommendations by regulatory bodies and provides assurance to the NHSFV Board that the appropriate response is in place.
- 5.61 The NHSFV Board should ensure the revised assurance information system also reports peoples' lived experience of NHSFV services in conjunction with the other performance data and information on service delivery.
- 5.62 The NHSFV Audit and Risk Committee should ensure that the improvement in the timeous action of Internal Audit recommendations is maintained.
- 5.63 While the introduction of an assurance framework and the development of an integrated governance system will contribute significantly to the delivery of the active and collaborative approaches to governance, the delivery of good governance also relies on efficient operating arrangements being implemented throughout the organisation. Support for the achievement of this outcome is described in a suite of documents referred to in the Blueprint for Good Governance as operating guidance.

Operating Guidance

- 5.64 The detailed description of NHS Boards' governance arrangements and the guidance on implementing these arrangements are contained within a portfolio of documents that is developed, maintained and communicated by the NHS Board Secretary. It includes Standing Orders, Standing Financial Instructions and the Schemes of Delegation that provide the senior leadership and management of the organisation with their principal operating guidance.
- 5.65 In the territorial Boards the operating requirements for those functions delegated to the Integration Authorities are described in the Integration Schemes agreed between the NHS Boards and the Local Authorities. These documents also provided NHS Board and Integration Joint Board Members with guidance on the delivery of the collaborative governance arrangements for the healthcare functions delegated to the Integration Joint Board. As such, they should be seen as an important component of the NHS Board's operating guidance.

Evidence

- 5.66 The review team completed a desk-based analysis of relevant documents held by NHSFV which described the governance arrangements and systems. They also scrutinised the agendas and minutes of NHSFV Board and Standing Committee minutes for the past six months. A list of all the documents submitted to the review team is attached as [Appendix D](#) to this report.

Evaluation

- 5.67 The desk-based analysis of the operating guidance confirmed that NHSFV has a comprehensive portfolio of documents in place to support the NHSFV Board's governance arrangements. With the exception of the Integration Schemes, the review team found these to be up to date and of a reasonable standard.

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- 5.68 In common with the other territorial NHS Boards across Scotland, the operational pressures caused by the Coronavirus pandemic was responsible for the delay in reviewing and updating the Integration Schemes in NHSFV. This had been recognised and accepted by the Scottish Government and COSLA which had agreed that all NHS Boards could postpone this work until the pandemic was under control. Work has now started in NHSFV to update both the Integration Schemes.
- 5.69 The review of the minutes of the various governance committees, including the Executive Leadership Team meetings contained an unnecessary high-level of detail on the discussions at these meetings. The review team also noted that on some occasions, the minutes failed to either capture agreed actions or more commonly, failed to record the lack of progress with previously agreed actions.

Recommendations

- 5.70 Given the concerns expressed by stakeholders around the implementation of the integration of health and social care services across Forth Valley, the work to refresh the Integration Schemes should be prioritised by NHSFV. This requires full engagement with Falkirk Council, Stirling Council and Clackmannanshire Council.
- 5.71 In completing the updating of the Integration Schemes, it will be important to ensure full consultation and open discussions take place with all the key stakeholders around the options to refresh the existing Schemes. Due regard should also be given to the governance review of the healthcare system and the other reviews commissioned by the NHSFV Board and the Scottish Government that make reference to the integration of health and social care services.
- 5.72 The NHSFV Board Secretary should consider arranging specific training on the best practice in minute writing for the administrative staff involved in this work.
- 5.73 The Chairs of the various governance committees, including the Executive Leadership Team meetings should take steps to ensure that all agreed actions are recorded and when these actions are taken they are recorded in the minutes or in action logs.
- 5.74 Having considered the NHSFV Board's approach to the functions, enablers and delivery of the Blueprint for Good Governance, the next section of the report considers how this has contributed to the delivery of the active and collaborative approach to governance that is required of NHS Boards in Scotland.

6. Conclusions

- 6.1 In this section of the report the review team primarily focuses on the improvements required to the approach to governance adopted by the NHSFV Board Members in order to enable the NHSFV Board to deliver active and collaborative governance.

Active Governance

- 6.2 The Blueprint for Good Governance defines the active approach to governance as follows:
- “Active governance exists when the appropriate issues are considered by the right people, the relevant information is reviewed in the most useful format at the right time, and the level of scrutiny produces rigorous challenge and an effective response.”***
- 6.3 This approach should not only ensure that Boards can make timely, well-informed, evidence-based and risk-assessed decisions, it will also ensure Board Members can rapidly identify, escalate and manage issues which otherwise might not be seen or understood.
- 6.4 Put simply, the active approach to delivering good governance requires Board Members ***“to focus on the right things, consider the right evidence and respond in the right way”***.
- 6.5 Confirming whether or not the NHSFV Board has adopted an active approach to governance is key to assessing the effectiveness of the governance arrangements in NHSFV. To answer that question the review team has considered all the evidence available from the stakeholder interviews, observations at meetings and the desk-top analysis.
- 6.6 Therefore, this section of the report, together with the section on collaborative governance, provides an overview of the effectiveness of the Board Members and the Executive Leadership Team in relation to their individual and collective contribution to the governance of the healthcare system in NHSFV.
- 6.7 The review team considers the evidence provided confirms that the NHSFV Board, Standing Committees and Executive Leadership Team generally “focus on the right things”. The agendas for meetings, the papers presented and the information available could all be seen to support the NHSFV Board’s purpose, aims and objectives. However, there were two notable exceptions to this that should be considered as the root cause of many of the significant challenges currently faced by the organisation and the factors which contributed to the escalation of NHSFV to Stage Four of the Performance Management Framework.
- 6.8 These are the failure to agree an appropriate business model for the delivery of integrated health and social care services and the difficulties experienced in building and maintaining a high-performing Executive Leadership Team. Although consideration of the actions being taken to address these issues are outwith the scope of this governance review, the review team considers the approach adopted by the NHSFV Board, Chair, and Chief Executive to these longstanding problems has had considerable impact on the governance of the organisation and the health and wellbeing of some senior employees.
- 6.9 While the delegation of the planning and commissioning for a range of healthcare functions to the Integration Joint Boards was viewed as successful, there remains a

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lack of agreement around the preferred business model for delivering integrated health and social care services by the Health and Social Care Partnerships. This lack of clarity in the roles, responsibilities and accountabilities for the delegated functions, has resulted in difficulties around how the existing governance systems are used to support strategic planning, risk management, and the provision of assurance information to the NHSFV Board, the Integration Joint Boards and the Local Authorities.

- 6.10 The review team was particularly concerned that the NHSFV Board Members, especially those who were also members of the Integration Joint Boards and/or Local Authority Councillors, had not viewed resolving the issues around integration as a priority for the NHSFV Board until the escalation to Stage Four of the Performance Management Framework. Interviewees were unable to explain why questions had not been raised about the lack of progress, bearing in mind members of the Executive Leadership Team had raised their concerns on a number of occasions, including at a formal meeting of the NHSFV Board.
- 6.11 The review team also considered the relationship between this lack of progress and the second issue where the NHSFV failed to focus attention on difficulties within the Executive Leadership team at an early enough stage. Not only did the NHSFV Board fail to focus on the problems being experienced by the Health and Social Care Partnerships around the implementation of the integrated service delivery model, they failed to consider the impact this was having on the Chief Executive's attempts to create a high performing and cohesive Executive Leadership Team.
- 6.12 The continuing absence of a shared and agreed understanding of the optimum integration model is considered one of the underlying issues that has caused many of the difficulties in establishing and maintaining effective working relationships at senior leadership level in NHSFV. This is also seen by many as a contributory factor to the adverse impact on individuals' health and wellbeing and raises questions around how the NHSFV Board discharges its duty of care to those Executive Team Members affected by this situation.
- 6.13 The other underlying issues that were identified by interviews as contributing to the difficult relationships within the Executive Leadership Team included the review of poor performance in the Accident and Emergency Department at Forth Valley Royal Hospital, and the handling of grievances and disciplinary action at senior management level.
- 6.14 While the NHSFV Board, Chair and Chief Executive had taken some action towards addressing the issues adversely impacting on relationships within the Executive Leadership Team, and the majority of Board Members were aware of this situation, the response by the NHSFV Chair and Chief Executive to these concerns had not been formally discussed or scrutinised by the NHSFV Board. While it would not be possible for some aspects of the situation to be discussed due to the confidential nature of the NHS grievance procedures, the NHSFV Board Chair and Chief Executive should have ensured that the difficulties with agreeing the model for the integration of health and social care services and the creation of a high performing Executive Leadership Team were included in the NHSFV Board agenda.

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- 6.15 The review team also noted that not all Board Members were aware of all the multiple Organisational Development exercises undertaken over a period of several years without successfully resolving the relationship difficulties within the Executive Leadership Team. Where they were aware of the work to resolve the issues, the Board Members did not perceive it as their responsibility to challenge or seek assurance from the Chief Executive on whether these difficulties were being resolved or how they affected performance and relationships, specifically where these affected the Local Authorities and the Integration Joint Boards.
- 6.16 It is also of concern to the review team that these problems and how they were being addressed by the NHSFV Chair and Chief Executive were not reflected in the performance appraisal reports of the individuals presented by them to the NHSFV Remuneration Committee or reflected in the discussions and scrutiny by Board Members at the Committee meetings.
- 6.17 The review team was unable to disaggregate the effects of the NHSFV Board's failure to effectively address the issues around the integration of health and social care and the difficult relationships within the Executive Leadership Team. It was not possible to form a clear view on which issue was the cause and which was the effect but it is clear that one cannot be solved without the other being adequately addressed.
- 6.18 For those areas that were scrutinised by the NHSFV Board the evidence provided for assurance purposes tended to be the same data produced to support the Executive Leadership Teams' operational management of the healthcare services provided by NHSFV. In some but not all occasions this information did provide the necessary assurance but the volume of data and the manner in which it was presented did cause problems for some Board Members, particularly those who do not have a background in healthcare.
- 6.19 The NHSFV Board had taken part in a workshop on active governance delivered by NHS Education for Scotland. However, the review team saw little evidence of the best practice on how to determine and present the appropriate assurance information as described at that workshop being introduced into NHSFV.
- 6.20 Overall, the review team was not convinced that the NHSFV Board was always able to "consider the right evidence" and more work needs to be done to introduce the best practice in commissioning and receiving assurance information as described in the Blueprint for Good Governance.
- 6.21 How an NHS Board responds to the information it receives is critical to the delivery of active governance. Board Members need to challenge the Executive Leadership Team in an appropriate manner. The ability of the NHSFV Board to "respond in the right way" was an area of concern for the review team.
- 6.22 It was reported during the stakeholder interviews that some Board Members felt that not all members of the Executive Leadership Team responded well to challenge and therefore Board Members chose not to raise contentious issues at Board and Standing Committee meetings, instead choosing to seek assurance outside of the formal meetings from individual members of the Executive Leadership Team.

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- 6.23 Some Executive Leadership Team Members reported raising concerns with individual Board Members only to be disappointed that no action was taken by the NHSFV Board to address their concerns. This had caused some individuals to raise these issues with the Scottish Government.
- 6.24 Many of the Board Members interviewed felt that since escalation to Stage Four, they were more likely to “respond in the right way” and the previous lack of challenge was a result of the “light touch governance” in place during the Coronavirus pandemic.
- 6.25 The review team recognised the difficulties experienced by NHS Boards in finding the right level of governance during the early days of the pandemic but considered that the NHSFV Board should have moved sooner to a more proportionate approach to governance given the issues they faced that were additional to the challenges of responding to and recovering from the pandemic. In particular, the issues around the delivery of integrated health and social care services, the difficult relationships within the Executive Leadership Team, and the issues that underpin these concerns, not only required a more effective response from the NHSFV Board Chair and Chief Executive but also a more active approach to governance from the Board Members.
- 6.26 It is clear that at least the majority of Board Members knew things were not as they should be, and while they might not have known exactly what was wrong or all of what was going wrong, the NHSFV Board should have acted in a more proactive manner. The review team would have expected Board Members to raise their concerns formally with the NHSFV Board Chair or Chief Executive. This lack of agency on their part in seeking resolutions to serious issues of which they were individually, if not collectively aware, was a fundamental weakness in the governance of NHSFV.

Recommendations

- 6.27 The NHSFV Board Chair should discuss with the Standing Committee Chairs how to ensure that governance meeting agendas focus on all the challenges facing the NHSFV Board, including those potentially difficult issues involving relationships and behaviours at senior leadership levels in NHSFV.
- 6.28 The Remuneration Committee should review their approach to the annual appraisal process of the Chief Executive and Executive Leadership Team to ensure it accurately reflects performance and is equitably applied. The NHSFV Board Chair should consider inviting NHS Education for Scotland to deliver their workshop on creating an effective Remuneration Committee to all Board Members.
- 6.29 The NHSFV Board Chair should also consider inviting NHS Education for Scotland to repeat the workshop on Active Governance with particular emphasis on the importance of developing an assurance information system that meets the needs of the Board Members and supports them in delivering active governance.
- 6.30 While an active approach is required to deliver good governance in healthcare, it should be recognised that the NHS is only one of a range of organisations that

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impacts on the health of the population. Therefore, NHS Boards must also consider how they can influence and interact with the other bodies that have an impact on the delivery of quality healthcare.

Collaborative Governance

- 6.31 The NHS works closely with national and local government, integration authorities, independent (primary care) contractors, the private sector, the Third sector, charities, academia, communities and citizens to deliver healthcare in a joined up, person-centred manner.
- 6.32 Consequently, the governance of the organisations that interact with the NHS have a direct impact on population health and the delivery of healthcare services and this must be recognised when designing the governance approach for NHS Boards.
- 6.33 To assist in the promotion of this approach, the following definition of what collaborative means in relation to governance has been included in the Blueprint for Good Governance:
- “Collaborative governance exists when all parties who have an influence in the delivery of healthcare outcomes recognise, understand and respect the needs of each other and work together to integrate or align their arrangements for the governance of the delivery of services and products within the healthcare environment.”***
- 6.34 While fully integrating governance can be challenging, it is critical that a collaborative approach to governance is adopted by the key players in the healthcare system to ensure that the end-to-end governance arrangements are understood and aligned in order to achieve the best outcomes for the population and ensure best value in the use of public funds.
- 6.35 While a collaborative approach is required in relation to all the organisations involved in the delivery of healthcare across the Forth Valley area, the majority of stakeholders focussed on the relationships that have the most direct impact on the delivery of an integrated health and social care system. During these discussions the lack of progress in establishing an integrated health and social care service for the population served by NHS Forth Valley was repeatedly commented upon by interviewees.
- 6.36 From interviews, observations and available documentation the review team was concerned about the apparent lack of a productive, collaborative approach to governance in respect of the integration of health and social care services by the NHSFV Board and Executive Leadership Team and its key partners; Falkirk Council, Stirling Council, and Clackmannanshire Council.
- 6.37 Reasons for the lack of progress with the integrated service model shared with the review team varied from an unwillingness by some senior leaders to relinquish power and control, a lack of understanding of what integration actually meant in terms of responsibilities and accountabilities amongst all key partners, individuals

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allowing difficult relationships to stand in the way of progress, and a lack of trust between some key players at a senior level.

- 6.38 In a substantial number of cases, the interviewees expressed a view that without some changes to the leadership in the NHSFV Board and Executive Leadership Team, they would continue to struggle and be unable to deliver the improvements required for de-escalation from Stage Four of the Performance Management Framework.
- 6.39 However, while that is a major issue to be addressed by the NHSFV Board and the Scottish Government, it should be noted that views on the effectiveness of working relationships between the senior leadership of NHSFV, the Health & Social Care Partnerships and the three Local Authorities were perceived very differently by the individuals involved.
- 6.40 Although the review team recognised that since escalation to Stage Four of the Performance Management Framework attempts had been made to improve and resolve the situation, it was clear that progress with the integration of health and social care and improvements in the relationships between the senior leaders would have benefited from more frequent direct engagement between the NHSFV leadership, the Chief Officers of the Integration Joint Boards and the Leaders of the three Local Authorities.
- 6.41 Whilst the concerns around the approach adopted to the delivery of integrated health and social care services, the stakeholder discussions and the review team's observations at meetings provided little evidence of a proactive approach to aligning the governance arrangements of the parties that influence the delivery of healthcare outcomes. The review team consider this an area worthy of further consideration by the NHSFV Board.

Recommendations

- 6.42 The NHSFV Board should commission work to review the NHSFV Board and the Executive Leadership Team's approach to engaging with the key players in the delivery of healthcare services across the Forth Valley area. This work should be separate from any other more general engagement strategy and focus specifically on the involvement of NHSFV Board and Executive Leadership Team members in external stakeholder engagement and collaborative working. Consideration should be given to this work being completed by an external expert.
- 6.43 The NHSFV Board Chair and Chief Executive should consider what actions are necessary to strengthen and improve their relationships with key stakeholders, particularly within the Local Authorities and Integration Joint Boards.
- 6.44 The NHSFV Board should review its role in the existing approach to engagement and communications with the full range of stakeholders including, the public, the NHSFV workforce, the Scottish Government, the Local Authorities and the other stakeholders identified as critical to the successful delivery of the NHSFV purpose, aims and corporate objectives.

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- 6.45 Consideration should be given by the NHSFV Board to supporting the workforce in their understanding of good governance and its contribution to the success of the organisation. This should include highlighting how the workforce can seek support from the NHSFV Board Members regarding concerns over emerging issues. The role of the Whistleblowing Champion should be included in any communications on this subject.

7. Next Steps

- 7.1 The overall assessment of the NHSFV's ability to deliver the active and collaborative approach to governance should be the driver behind any decisions on the next steps for improving governance in NHSFV.
- 7.2 However, the NHSFV Board must first consider what additional information is available on the effectiveness of their approach to governance.

Further Evaluation

- 7.3 This report is restricted to an external perspective on the effectiveness of the current governance arrangements in NHSFV. It is important that this view is triangulated with the other perspectives available to the NHSFV Board.
- 7.4 While the Blueprint for Good Governance recommends an external review of the organisation's governance arrangements, it also describes the preferred approach to evaluation as including an analysis of the NHSFV Board Chair's appraisal of the Board Members' individual performance and a structured self-assessment of the NHSFV Board's effectiveness.
- 7.5 Therefore, the NHSFV Board should undertake further evaluation of the governance arrangements in line with the guidance in the Blueprint for Good Governance. The review team has made the following recommendations to deliver that outcome.

Recommendations

- 7.6 The NHSFV Board should consider how any weaknesses in the governance arrangements identified by the NHSFV Board Chair through the individual performance appraisal systems can be addressed. This should include consideration of any issues that were identified by the Scottish Government as part of their 360 degree performance appraisal of the NHSFV Board Chair.
- 7.7 The NHSFV Board should undertake a self-assessment exercise to review their effectiveness, identifying any new and emerging issues or concerns. The review team understands that the NHSFV Board has already commissioned consultancy support and facilitation for the self-assessment exercise.
- 7.8 The NHSFV Board should consider the implications for the governance arrangements of any recommendations arising from the work being undertaken to assess the leadership and culture of the organisation and the changes required to the delivery of integrated health and social care services

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- 7.9 After critically examining this report, the analysis of the Board Members' performance appraisals, the findings of the self-assessment exercise, and the outcomes of the work on leadership, culture, and service integration, the NHSFV Board should then use this information as the baseline and driver for its improvement and development activities.

Continuous Improvement

- 7.10 For the governance of healthcare to continuously improve, in addition to addressing the issues raised by this review and the NHSFV Board's analysis of the outcomes of the Board Members' appraisal and the self-assessment exercise, the governance approach adopted by NHS Boards has to be an evolving, iterative and integrated process.
- 7.11 The adoption of a continuous improvement approach will assist the NHSFV Board in ensuring that the governance arrangements in NHSFV remain relevant and continue to be fit for purpose as the health and social care system evolves over time.
- 7.12 In addition, the governance development will be included in the overarching NHSFV Improvement Plan and the activities in the development programme will be aligned with the other actions included in the Improvement Plan which address issues and concerns around leadership and culture.
- 7.13 The governance development programme will form part of the evidence being considered when NHSFV's position is reviewed against the NHS Scotland Performance Management Framework.

Recommendations

- 7.14 The NHSFV Board should commission a development programme based on the Blueprint for Good Governance that ensures the organisation learns from the latest evaluation of governance arrangements in NHSFV and adopts a continuous improvement approach to delivering active and collaborative governance across the health and social care system.
- 7.15 When designing the NHSFV development programme, the NHSFV Board should take into account the review of the Performance Framework in relation to the territorial NHS Boards, published by the Scottish Government in September 2023.
- 7.16 The NHSFV Board should determine the oversight and reporting arrangements for the development programme and include regular reviews of progress in the NHSFV Board's annual cycle of business.
- 7.17 The NHSFV development programme should be presented to the Scottish Government's Assurance Board as part of the evidence being scrutinised when they consider de-escalation from Stage Four of the NHS Scotland Performance Management Framework.

Wider Implications

- 7.18 The review team welcomes the refreshed approach to managing the sponsorship relationship between the Scottish Government and the territorial NHS Boards by utilising the new NHS Scotland Support and Intervention Framework and look forward to the output from the work underway to construct an overarching NHS Board Model Framework that will include the Support and Intervention Framework. The introduction of this revised approach should play a significant part in avoiding governance failures in territorial NHS Boards in future.
- 7.19 While conducting this governance review of NHSFV, the reviewers identified a number of other areas that the Scottish Government may wish to consider including in its refreshed approach to providing the Scottish Parliament with assurance that the governance of NHS Scotland is to a good standard.
- 7.20 The work currently being undertaken by the Scottish Government to improve the governance of healthcare aims to reduce the risk of governance failures in the future, and broadly focusses on four themes:
- Setting and communicating the standards expected of NHS Boards' governance arrangements
 - Supporting NHS Boards to develop their capability and capacity to deliver active and collaborative governance
 - Assessing the effectiveness of NHS Boards' governance arrangements
 - Adopting a continuous improvement to healthcare governance.
- 7.21 In support of this approach the review team has suggested that the NHSFV Chair agrees to share this report with all NHS Boards and that they are advised to consider the review of NHSFV when identifying opportunities to improve their own governance arrangements. This should inform the self-assessment that all NHS Boards are now required to undertake and will support the introduction of their development programmes for corporate governance.
- 7.22 Other areas identified by the review team that will be explored as part of its ongoing discussions with the Scottish Government include:
- The introduction of an annual report on the state of governance within NHS Scotland
 - The design and delivery of governance development programmes, following completion of self-assessments by NHS Boards
 - The roles, responsibilities, grading, induction and training of Board Secretaries across NHS Scotland
 - The development of an in-house capability and capacity to support in-depth reviews of the governance arrangements in healthcare, including targeted reviews of specific NHS Boards as identified by Scottish Government
 - The potential for undertaking governance reviews of NHS Boards that include parallel work in social care by the Local Authorities to increase the depth of understanding and the capacity to improve collaborative governance across the health and social care system

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- The implementation of a rolling programme of proportionate, risk-based external assessments of NHS Boards' governance systems
- The sponsorship of the territorial NHS Boards by the Scottish Government, including the introduction of the NHS Scotland Support and Intervention Framework and the further development of the overarching NHS Board Model Framework.

7.23 These discussions will be conducted with the Director of Health and Social Care Finance, Digital and Governance and the Healthcare Governance Advisory Board which is being introduced by the Scottish Government to support the continuous improvement of healthcare governance across Scotland.

20 October 2023

Terms of Reference

Introduction

- A.1 On the 23 November 2022, NHS Forth Valley (NHSFV) was escalated to Stage Four of the NHS Scotland Performance Management Framework for concerns relating to governance, leadership and culture. In response a comprehensive NHSFV Improvement Plan has been developed by the NHSFV leadership which includes commissioning an external review of the corporate governance arrangements in the organisation.
- A.2 The corporate governance review is intended to assist the NHSFV Board in identifying any improvements to their approach to corporate governance that will be required to address the range of performance-related issues included in the NHSFV Improvement Plan.
- A.3 The findings and recommendations of the review team will not only be reported to the NHSFV Board and the Executive Leadership Team, but also shared with the Assurance Board established by the Scottish Government to support and scrutinise the delivery of the NHSFV Improvement Plan.
- A.4 The following paragraphs describe the scope of the review and the arrangements put in place to deliver the desired outcomes.

Scope

- A.5 The overarching focus of the external review will be to make an assessment of the effectiveness and efficiency of the corporate governance arrangements currently in place in NHSFV.
- A.6 The review team's assessment will be based on the Principles of Good Governance (see Appendix A) as described in the [Blueprint for Good Governance Second Edition](#). The review will identify areas of strength and weakness and the extent to which these impact on the conduct of all aspects of NHSFV business, including the delivery of the NHSFV Improvement Plan.
- A.7 The review team will be expected to form a judgement about how effective the NHSFV Board is in delivering an active and collaborative approach to corporate governance, and the extent to which the NHS Board has adopted a continuous improvement approach to the implementation of the Blueprint for Good Governance since its introduction in 2018. This will include an assessment of how the NHSFV Board and the Executive Leadership Team demonstrate and enable the organisation's stated culture and values. The arrangements for ensuring that staff, including clinicians, are aware of the NHSFV governance arrangements will also be assessed.

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- A.8 The review will identify issues and risks within the NHSFV approach to corporate governance that require attention, and the review team will make recommendations to the
- A.9 NHSFV Board and Executive Leadership Team on areas for development and, where necessary, improvement. The review team will also highlight any barriers to change that they identify as part of the review process.
- A.10 The review team will also advise the NHSFV Board and the Scottish Government's Assurance Board of any issues outside of the scope of the governance review that could be considered as having an adverse impact on the operational management and leadership of change within NHSFV.
- A.11 The review team will also make any other observations as might be necessary, including making recommendations to the Scottish Government on matters relevant to corporate governance in NHS Scotland more widely.

Methodology

- A.12 The review will bring together a range of evidence from a variety of sources including but not limited to:
- Discussion and engagement individually and collectively with all current Non-Executive, Executive, and Stakeholder Board Members
 - Discussion and engagement individually and collectively with the members of the Executive Leadership Team and with other stakeholders in NHSFV as might be necessary to understand the wider context
 - Observation at Board meetings, Standing Committees, Executive Leadership Team Meetings, Board development sessions and other opportunities as might arise
 - Desk-based documentary analysis including but not restricted to, standing orders, code of conduct, standing financial instructions, scheme of delegation, integration schemes, agendas, minutes and papers, and the NHS Board's annual cycle of business
 - Evaluation of the NHSFV Board's response to any previous self-assessment or external reviews of the effectiveness of governance arrangements in NHSFV, including any reports produced by internal or external auditors in respect of governance and control systems in the organisation
 - Comparisons of corporate governance arrangements in other organisations as considered appropriate.

Timescales

- A.13 The review will commence by the end of January 2023 with an interim report to be submitted to the NHSFV Board and the Scottish Government Assurance Board by 30 May 2023.
- A.14 A final report will be submitted to the NHSFV Board and the Scottish Government Assurance Board by 30 June 2023.

Review Team

- A.15 The review will be conducted by Professor John Brown CBE and Mrs Susan Walsh OBE and the necessary administrative support will be provided by NHSFV.
- A.16 Any further support and expertise required by the review team will co-opted as necessary.
- A.17 The costs associated with the completion of the governance review will be met by NHSFV.

Review Outcomes

- A.18 Having considered the findings and recommendations highlighted by the governance review, including the improvement activities required to ensure an active and collaborative approach to delivering good governance, the NHSFV Board and Executive Leadership will design and implement a bespoke programme of activities to address the issues and risks identified by the review team.
- A.19 The activities included in the governance development programme will focus on the delivery of the Principles of Good Governance and be described in terms of enhancements to the enablers and delivery systems in the Blueprint for Good Governance.
- A.20 The governance development programme will be included in the overarching NHSFV Improvement Plan and the activities in the development programme will be aligned with the other actions included in the Improvement Plan that address issues and concerns around leadership and culture.
- A.21 The governance development programme will be published and progress regularly assessed by the NHSFV Board and the Scottish Government's Assurance Board. It will form part of the evidence being considered when NHSFV's position is reviewed against the NHS Scotland Performance Management Framework.

Stakeholder Interviews

- B.1 The review team held discussions with a range of key stakeholders in NHSFV. This included members of the NHSFV Board, the Executive Leadership Team and other senior managers who are directly involved in the delivery of the NHSFV governance systems.
- B.2 The review team also met with external stakeholders who have an interest and impact on the governance of NHSFV. This included the NHSFV internal and external auditors.
- B.3 These discussions were structured around the functions and enablers described in the NHS Scotland Blueprint for Good governance and focussed on the NHSFV Board and Executive Leadership Team's contribution to the delivery of active and collaborative governance.
- B.4 The Chatham House Rule was applied to the discussions and the review team has been impressed by the open and honest approach that has been adopted by those interviewed. This has enabled the reviewers to form a view of how the NHSFV Board and Executive Leadership Team see their individual and collective contributions to the governance of the organisation.
- B.5 The programme of one to one interviews was undertaken from 24 February 2023 to 11 July 2023 and the following individuals were interviewed:
- Carole Beattie - Chief Executive, Stirling Council
 - Jonathan Best - Acting Director of Acute Services, NHSFV
 - Annemargaret Black - IJB Chief Officer & Director of Clackmannanshire and Stirling Health & Social Care Partnership
 - Nikki Bridle - Chief Executive, Clackmannanshire Council
 - Elsbeth Campbell - Head of Communications, NHSFV
 - Kirstin Cassells - Non-Executive Board Member, NHSFV and Chair of the Area Clinical Forum
 - Patricia Cassidy - IJB Chief Officer and Director of Falkirk Health & Social Care Partnership
 - Dr Jennifer Champion - Acting Director of Public Health, NHSFV
 - Robert Clark - Stakeholder Non-Executive Board Member and Employee Director, NHSFV
 - Fiona Collie - Stakeholder Non-Executive Board Member, NHSFV and Falkirk Council Representative
 - Cathie Cowan - Executive Board Member and Chief Executive, NHSFV
 - Frances Dodd - Executive Board Member and Executive Director of Nursing, NHSFV
 - Linda Donaldson - Director of Human Resources, NHSFV
 - Martin Fairbairn - Publicly Appointed Non-Executive Board Member, NHSFV
 - Dr Graham Foster - Executive Board Member and Director of Public Health and Strategic Planning, NHSFV

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- Janette Fraser - Head of Planning, NHSFV
- Tony Gaskin - Chief Internal Auditor, FTF
- Sinead Hamill - Board Secretary, NHSFV
- Wendy Hamilton - Stakeholder Non-Executive Board Member and Clackmannanshire Council Representative
- Sarah Hughes-Jones - Head of Information Governance, NHSFV
- Gordon Johnston - Publicly Appointed Non-Executive Board Member and Whistleblowing Champion
- Pat Kenny - External Auditor, Deloitte UK
- Kenneth Lawrie - Chief Executive, Falkirk Council
- Jocelyn Lyall - Regional Internal Audit Manager, FTF
- Kerry MacKenzie - Head of Policy & Performance, NHSFV
- Sara MacKenzie - Corporate Risk Manager, NHSFV
- Stephen McAllister - Publicly Appointed Non-Executive Board Member
- Michele McClung - Publicly Appointed Non-Executive Board Member
- Janie McCusker - Publicly Appointed Non-Executive Board Chair
- Viv Meldrum - Head of Information Services, NHSFV
- Gillian Morton - Director of Corporate Portfolio Management Office, Women and Children's, Head of Midwifery, NHSFV
- Dr Andrew Murray - Executive Board Member and Medical Director, NHSFV
- Jonathan Proctor - Director of Facilities and Infrastructure, NHSFV
- Allan Rennie - Publicly Appointed Non-Executive Board Member and NHSFV Board Vice-Chair
- John Stuart - Publicly Appointed Non-Executive Director
- Scott Urquhart - Executive Board Member and Director of Finance
- Karlyn Watt - External Auditor, Deloitte UK

Observations at Meetings

- C.1 The review team attended a wide range of meetings critical to the effective governance of NHSFV. These included:
- Closed NHSFV Board Session on 31 January 2023
 - NHSFV Board meeting on 31 January 2023
 - Executive Leadership Team meeting on 8 February 2023
 - Clinical Governance Committee meeting on 1 February 2023
 - Executive Leadership Team meeting on 1 March 2023
 - Staff Governance Committee meeting on 15 March 2023
 - Audit and Risk Committee meeting on 24 March 2023
 - Performance and Resources Committee meeting on 28 April 2023
 - NHSFV Board meeting on 30 May 2023
 - Executive Leadership Team meeting on 3 July 2023.
- C.2 The reviewers also observed at Board Development sessions on 8 February 2023, 14 February 2023 and 11 April 2023, and attended the Scottish Government's Assurance Board meetings on 22 February 2023, 11 April 2023 and 16 May 2023.
- C.3 This aspect of the review provided the review team with opportunities to see how the governance system is delivered and enabled them to observe the NHSFV Board Members and the Executive Leadership Team behave and interact with each other. This has helped the reviewers assess and validate some of the evidence gained through the one to one discussions with stakeholders.

Desk-based Analysis

- D.1 This third strand of the governance review involves analysis and commentary on the operating guidance and the documents produced in support of the governance of NHSFV.
- D.2 The desk-based analysis has assisted the review team in assessing the overall assurance framework and integrated governance system in place in NHSFV and included examination of the following documents:
- Standing Orders
 - Scheme of Delegation
 - Integration Schemes
 - Standing Financial Instructions
 - Terms of Reference for Board Standing Committees
 - NHSFV Board's Annual Cycle of Business
 - Standing Committees' Annual Cycle of Business
 - Membership of Board and Standing Committees
 - Board Members' Skills Matrix and Board Members' Periods of Tenure
 - Board Members' Induction Programme
 - Code of Conduct for Board Members
 - Board agendas, minutes and associated papers
 - Standing Committee agendas, minutes and associated papers
 - Executive Leadership Team agendas, minutes and associated papers
 - NHSFV Healthcare Strategy
 - NHSFV Quality strategy
 - NHSFV Annual Delivery Plan
 - NHSFV Emergency Department Review
 - NHSFV iMatter Report
 - Scottish Patient Safety Programme - Board Members Visiting Programme
 - Corporate Risk Register
 - Internal Audit plan
 - Internal Audit reports.
- D.3 The reviewers also considered the various papers submitted by the Executive Leadership Team to the Scottish Government's Assurance Board, including the NHSFV Improvement Plan.

Recommendations

Diversity, Skills and Experience

- E1. To address the lack of diversity at Board level, the NHSFV Board Chair should consult with the Scottish Government's Public Appointments Team on what action can be taken to recruit the next tranche of Board Members from those communities currently underrepresented on the NHSFV Board. (Para 4.24)
- E2. Similar action should be taken by the NHS Chief Executive and Director of Human Resources to determine and address the underlying reasons for a lack of representation of people with protected characteristics at senior management level in NHSFV. (Para 4.25)
- E3. The NHSFV induction programme should be reviewed by the NHS Board Chair and Board Secretary. This review should include the locally delivered induction training and the take-up by Board Members of the range of training material provided by NHS Education for Scotland. (Para 4.26)
- E4. The NHSFV Board Secretary should include details of Board Members' skills, experience, areas of specific expertise, and periods of tenure in the induction pack for new Members. (Para 4.27)
- E5. The NHSFV Board Chair should consider the extent to which the NHSFV Board requires additional expertise in primary care, transformational change management, digital and information technology, and customer relationship management. The Chair should also consider how best to support informed decision-making in these areas whilst these skills are absent from the NHSFV Board. (Para 4.28)
- E6. The NHSFV Board should consider introducing a comprehensive programme of on-going development opportunities for Board Members that is not limited to Development Seminars and is transparently under-pinned by the outcomes of the annual appraisal of Board Members and focussed on the advice, guidance and best practice described in the Blueprint for Good Governance. (Para 4.29)
- E7. The NHSFV Board Chair should also consider the extent to which NHSFV has exploited the potential of mentoring of Board Members by utilising the expertise and experience available through the NHS Education for Scotland mentoring programme. Encouraging take-up of this opportunity by Board Members would provide another but tailored opportunity to develop the skills of individuals on the NHSFV Board. (Para 4.30)
- E8. To support its efforts to improve diversity, skills and experience at Board level, the NHSFV Board should consider the value of having a Succession Planning Policy and establishing a Succession Planning Committee. (Para 4.31)

Roles, Responsibilities and Accountabilities

- E9. When considering the outcome of the joint review of the implementation of the integration of health and social care in the Forth Valley area, the NHSFV Board and the Scottish Government should ensure that any changes in the governance or operational management arrangements do not adversely impact on the governance of the end-to-end healthcare system. (Para 4.49)
- E10. In particular, the NHSFV Board should discuss and agree structures, processes and systems of accountability, including management and governance of partnerships, shared services, collaborations and joint working arrangements to ensure effective and efficient delivery of high-quality health and social care throughout NHSFV. (Para 4.50)
- E11. The NHSFV Chief Executive should review and clarify organisational, clinical and administrative structures and ensure these are disseminated to the workforce and to partner organisations where relevant. (Para 4.51)
- E12. The NHSFV Chief Executive should also review the approach to replacing staff to ensure clarity on roles and responsibilities are reflected in active organograms and made widely available to the workforce. (Para 4.52)
- E13. The purpose and membership of the NHSFV Corporate Management Team should be consulted upon and refreshed to ensure all the workforce have a transparent route to the NHSFV Executive Leadership Team, are aware of the organisational structure and their own and others' roles, responsibilities and accountabilities. (Para 4.53)
- E14. The NHSFV Board Chair and Chief Executive should review the advisory and administrative needs of the Chair, the NHSFV Board, Standing Committees, Executive Leadership Team and Corporate Management Team to ensure adequate and efficient administrative support arrangements are in place. (Para 4.54)

Values, Relationships and Behaviours

- E15. The NHSV Board should review the impact of their decision to adopt and promote a local set organisational values alongside the NHS Scotland values that already apply to the workforce. (Para 4.75)
- E16. The NHSFV Board Chair should consider arranging a Board Development Session, facilitated by an experienced governance expert, to explore how best to optimise Board Members' contributions to Board and Standing Committee meetings. (Para 4.76)

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- E17. While NHSFV Board Members should have the opportunity to assist the NHSFV Board Chair in identifying the areas where improvement is required, the Development Session should, as a minimum, consider the following issues:
- The Board Members' contribution to setting the NHSFV Board and the Integration Joint Boards' agendas
 - The approach adopted by Board Members to raising concerns and challenge appropriately in order to be assured and adopt a more active and collaborative approach to the governance of health and social care
 - The potential benefits from the introduction of a Board Protocol along the lines suggested in the Blueprint for Good Governance
 - The effectiveness of the current training available in providing Board Members with the skills necessary to ensure best use is made of the time and contribution of individual Board Members. (Para 4.77)
- E18. The NHSFV Board Chair should introduce a programme of 1:1 meetings with all executive, publicly appointed and stakeholder Board Members. The NHSFV Board Chair should also regularly meet informally with those Executive Leadership Team Members who are not also NHSFV Board Members. This should be viewed as an opportunity to share concerns, improve transparency and develop effective relationships. (Para 4.78)
- E19. Although making specific recommendations around the organisational culture in NHSFV is outwith the scope of this review, the NHSFV Board Chair should ensure the findings of this report are available to the people responsible for addressing the issues around leadership and culture that influenced the escalation of NHSFV to Stage Four of the Performance Management Framework. (Para 4.79)
- E20. The NHS Board Chair should also make this report available to the people reviewing the implementation of health and social care in Forth Valley and the Local Authority Leaders and Chief Executives of Falkirk, Stirling and Clackmannanshire Councils and the Members of the Integration Joint Boards should be invited to discuss how they can work collaboratively to better define the direction for the devolved functions. (Para 4.80)

Assurance Framework

- E21. The NHSFV Boards should commission work to establish or confirm the connections, alignment and dependencies between the component parts that make up an assurance framework. The output from this initiative should be a comprehensive assurance framework that supports the NHSFV and Standing Committees in delivering good governance at all levels of the governance system. (Para 5.17)
- E22. The assurance framework developed by the NHSFV Board should reflect a collaborative approach to the delivery of health and social care across Forth Valley and should be widely shared and communicated to the relevant stakeholders. (Para 5.18)

Integrated Governance System

- E23. The NHSFV Board should ensure that all new strategic and commissioning plans follow the guidance set out in the Second Edition of the Blueprint for Good Governance published by the Scottish Government in December 2022. (Para 5.53)
- E24. Consideration should be given to identifying strategic plans already approved by the NHSFV Board and the NHSFV Board should decide which, if any, of these plans require to be updated to better align them with the best practice described in the Blueprint for Good Governance. (Para 5.54)
- E25. To ensure early and in-depth scrutiny by Board Members before strategic plans are approved, the NHSFV Board should put in place a strategic planning cycle that clearly indicates where and when the NHSFV Board is involved in considering options, assessing risks, giving approval and thereafter in monitoring delivery of the NHS Board's strategic plans. To facilitate this approach, a strategic planning framework should be maintained. (Para 5.55)
- E26. For each of the strategic and commissioning plans, the strategic planning framework should describe the period covered and the corporate objectives addressed by the plan. It should also identify the stakeholders consulted, the author, the approver and the date approved. Details of the reporting arrangements and the expected date of the next review by Board Members should also form part of the framework. (Para 5.56)
- E27. When approving new or reviewing earlier strategic and commissioning plans NHSFCV Board members should seek assurance that any risks identified as part of the planning process are also reflected in the NHSFV risk management system at the appropriate level. The NHSFV Board should also consider how risk and performance reporting are appropriately linked. (Para 5.57)
- E28. The NHSFV Board should ensure that understanding of risk identification and management is appropriately shared at all levels throughout the organisation. (Para 5.58)
- E29. The NHSFV Board should commission work to review and refresh the current information flows to the NHSFV Board and its Standing Committees. The outcome of this work should be a revised assurance information system based on the best practice described in the Blueprint for Good Governance. (Para 5.59)
- E30. The revised assurance information system should include functionality that ensures the NHSFV receives regular updates on visits, reviews and recommendations by regulatory bodies and provides assurance that the appropriate response is in place. (Para 5.60)
- E31. The NHSFV Board should ensure the revised assurance information system should also report on peoples' lived experience of NHSFV services in conjunction with the other performance data and information on service delivery. (Para 5.61)

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- E32. The NHSFV Audit and Risk Committee should ensure that the improvements in the timeous action of Internal Audit recommendations are maintained. (Para 5.62)

Operating Guidance

- E33. Given the concerns expressed by stakeholders around the implementation of the integration of health and social care services across Forth Valley, the work to refresh the Integration Schemes should be prioritised by NHSFV. This requires full engagement with Falkirk Council, Stirling Council and Clackmannanshire Council. (para 5.70)
- E34. In completing the updating of the Integration Schemes, it will be important to ensure full consultation and open discussions takes place with all the key stakeholders around the options to refresh the existing Schemes. Due regard should also be given to the governance review of the healthcare system and the other reviews commissioned by the NHSFV Board and the Scottish Government that make reference to the integration of health and social care services. (Para 5.71)
- E35. The NHSFV Board Secretary should consider arranging specific training on the best practice in minute writing for the administrative staff involved in this work. (Para 5.72)
- E36. The chairs of the various governance committees, including the Executive Leadership Team meetings should take steps to ensure that all agreed actions are recorded and when these actions are taken they are recorded in the minutes or in action logs. (Para 5.73)

Active Governance

- E37. The NHSFV Board Chair should discuss with the Standing Committee chairs how to ensure that governance meeting agendas focus on all the challenges facing the NHS Board, including those potentially difficult issues involving relationships and behaviours at senior leadership levels in NHSFV. (Para 6.27)
- E38. The Remuneration Committee should review their approach to the annual appraisal process of the Chief Executive and Executive Leadership Team to ensure it accurately reflects performance and is equitably applied. The NHSFV Board Chair should consider inviting NHS Education for Scotland to deliver their workshop on creating an effective Remuneration Committee to all Board Members. (Para 6.28)
- E39. The NHSFV Board Chair should also consider inviting NHS Education for Scotland to repeat the workshop on Active Governance with particular emphasis on the importance of developing an assurance information system that meets the needs of the Board Members and supports them in delivering active governance. (Para 6.29)

Collaborative Governance

- E40. The NHSFV Board should commission work to review the NHSFV Board and the Executive Team's approach to engaging with the key players in the delivery of healthcare services across the Forth Valley area. This work should be separate

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from any other more general engagement strategy and focus specifically on the involvement of NHSFV Board and Executive Leadership Team members in external stakeholder engagement and collaborative working. Consideration should be given to this work being completed by an external expert. (Para 6.42)

- E41. The NHSFV Board Chair and Chief Executive should consider what actions are necessary to strengthen and improve relationships with key stakeholders, particularly within the Local Authorities and Integration Joint Boards. (Para 6.43)
- E42. The NHSFV Board should review its role in the existing approach to engagement and communications with the full range of stakeholders including, the public, the NHSFV workforce, the Scottish Government, the Local Authorities, and the other stakeholders identified as critical to the successful delivery of the NHSFV purpose, aims and corporate objectives. (Para 6.44)
- E43. Consideration should be given by the NHSFV Board to supporting the workforce in their understanding of good governance and its contribution to the success of the organisation. This should include highlighting how the workforce can seek support from the NHSFV Board Members regarding concerns over emerging issues. The role of the Whistleblowing Champion should be included in any communications on this subject.

Further Evaluation

- E44. The NHSFV Board should consider how any weaknesses in the governance arrangements identified by the NHS Board Chair through the individual performance appraisal systems can be addressed. This should include consideration of any issues that were identified by the Scottish Government as part of their performance appraisal of the NHS Board Chair. (Para 7.6)
- E45. The NHSFV Board should undertake a self-assessment exercise to review their effectiveness, identifying any new and emerging issues or concerns. The review team understands that the NHSFV Board has already commissioned consultancy support and facilitation for the self-assessment exercise. (Para 7.7)
- E46. The NHSFV Board should consider the implications for the governance arrangement of any recommendations that arise from the work being undertaken to assess the leadership and culture of the organisation and the changes required to the delivery of integrated health and social care services. (Para 7.8)
- E47. After critically examining this report, the analysis of the Board Members' performance appraisals, the findings of the self-assessment exercise, and the outcomes of the work on leadership, culture, and service integration, the NHSFV Board should use this information as the baseline and driver for its improvement and development activities. (Para 7.9)

Continuous Improvement

- E48. The NHSFV Board should commission a development programme based on the Blueprint for Good Governance that ensures the organisation learns from the latest

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evaluation of governance arrangements in NHSFV and adopts a continuous improvement approach to delivering active and collaborative governance across the health and social care system. (Para 7.14)

- E49. When designing the NHSFV development programme, the NHSFV Board should take into account the revisions to the NHS Scotland Performance Framework in relation to the territorial NHS Boards, published by the Scottish Government in September 2023. (Para 7.15)
- E50. The NHSFV Board should determine the oversight and reporting arrangements for the development programme and include regular reviews of progress in the NHSFV Board's annual cycle of business. (Para 7.16)
- E51. The NHSFV development programme should be presented to the Scottish Government's Assurance Board as part of the evidence being scrutinised when they consider de-escalation from Stage Four of the NHS Scotland Performance Management Framework. (Para 7.17)

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Appendix F

Corporate Statements

Purpose: Improve outcomes in population health and healthcare whilst demonstrating best value					
Aims/Ambitions:	Better Health	Better Care	Better Value	Better Workforce	Better Governance
Values:	Be person-centred, ambitious, respectful, supportive, a committed team member and act with integrity				
Overarching Corporate Objectives	Plan for the future Demonstrate behaviours that nurture and support transformational change across our health and care system				
Corporate objectives (Shared objectives with identified lead/leads) adopting RACI principle	Protect and improve the health and wellbeing of the people of Forth Valley whilst reducing inequalities Support broader social and economic development	Improve our focus on safety, quality, and sustainability Promote and develop better integrated services locally and regionally	Demonstrate best value using our resources	Value and develop our people	Build systems and processes to direct, control and improve our authorising and operating environments
Measurable Results	Reduce the burden of disease e.g., target health promotion and screening activities and deliver a measurable shift to prevention to reduce premature mortality rate of the population and variance in communities Improve good health and wellbeing in early years to ensure the best start for children Improve mental health and wellbeing in all ages	Reduce the risk of infection, injury or harm to our patients and our people Improve our access to services Demonstrate continuous improvement and sustainability in our services Demonstrate delivery of person centred care built on the principle of realistic medicine notably choice and shared decision making Deliver a shift on reliance on hospital care towards a preventative and proactive community care model	Demonstrate effective financial - meet our statutory targets Improve our 'spending well' approach to reduce variation, improve productivity, and eliminate waste Demonstrate the use of digital technology and innovation to support the reform of our health and care system Achieve our efficiency savings target and utilise our capital assets to support our system reform	Demonstrate our support to the health and wellbeing of our people Demonstrate compliance with the staff governance standard - 5 measures Demonstrate a shift in culture	Demonstrate how decisions are made and change implemented and how the NHS Board can be assured that things are going as they should Demonstrate inclusive stakeholder engagement and high engagement in CPP activity Demonstrate effective governance controls and measures e.g., risk management system, BCP system and performance management system to support commitment to 'triangulation'
Enabling, Inclusive, Collaborative and Supportive Systems Leadership and Culture					

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