

To: The Board

For meeting on: 28 January 2015

Agenda item: 8

Report by: Joan Hanham, Chairman

Report on: Board Review Outcome

Introduction

1. An independent review of the Board's performance took place at the end of 2014. This report provides Board members with a summary of the key outcomes of that review and suggested actions that might be taken in response to these. The Board is asked to consider and comment on these and agree the next steps to be taken.

Review methodology

2. Twenty in-depth interviews were conducted with individual directors and nominated senior management representatives. The group comprised the eight members of the Board, the six Executive Committee (ExCo) members who are not on the Board and the six senior executives who are not ExCo members but who are normally in attendance at Board meetings.
3. Observations by the reviewers were also made at two Board meetings (26 November and 17 December 2014) and a Board Workshop (3 December 2014).
4. The review was designed to:
 - a) Establish and evaluate the mix of skills, experience, knowledge and diversity on the Board, in the context of the challenges facing the organisation and to identify any possible gaps;
 - b) Identify categories of evidence to enable the behaviours of the Board to be established objectively; and
 - c) Define a clear and measureable statement of the contribution that the Board expects itself to make individually and collectively to the delivery of Monitor's corporate strategy.

Board strengths

5. The review identified that the Board has the following strengths:
- a) Both Board members and Executives felt that the Board is a well balanced group with both breadth of experience and depth of technical expertise;
 - b) Board members believe that they challenge each other appropriately;
 - c) Executives noted the Non Executive members of the Board (NEDs) are particularly effective in how they challenge each other and their willingness to challenge the Executive;
 - d) Board members believe they relate to each other respectfully, are generally inclusive, supportive of each other and the Executive, and good humoured in their interactions; and
 - e) The Board is seen to be well connected both to sector stakeholders and politically.

Areas for improvement identified by the review

6. The main suggestions for potential improvement were:
- a. **Strategic advice and guidance** – Board members are strategically strong as individuals, but the Board should demonstrate a stronger collective strategic capability.
 - b. **Effecting supportive challenge** - the Board should develop breadth in addition to the depth of its challenge, considering how it can support the Executive in the implementation of Monitor’s strategy and doing so in a manner that is mindful of the possible impact on some individuals of the style of challenge being used.
 - c. **Assurance** - the Board should have an increased focus on assurance – demonstrating the value of the Board to Monitor.
 - d. **Understanding key external relationships** - the Board should be clearer about its role in developing and managing external perceptions of Monitor – supporting and representing Monitor more visibly in the sector.
 - e. **The Board agenda and papers** - Board papers, presentations and input at meetings should be tailored to ensure greater focus on Monitor’s strategic aims and to effect problem-solving and faster decision-making. This should be accompanied by more technical briefings outside meetings to help NEDs understand specific issues.
 - f. **Offering NED and Board development** - the Board should have more informal gatherings (although with an agenda) to help build improved contextual understanding of Monitor’s environment, its systems and issues.

Areas of focus identified by Board members and Executives

7. Board members and Executives were asked to identify what should be focused on in order to ensure that the Board makes the fullest possible contribution to the delivery of Monitor's corporate strategy.

The Board considers it should focus on:	In the view of Executives, the following should be focussed on:
Taking a more forward look, supported by having more strategically focused board papers to perform better in a predominantly strategic role.	Ensuring that ExCo papers submitted to the Board for strategic debate or decision are re-versioned and flagged to support the debate (using largely unchanged ExCo papers can also mean that pretty much the same discussion held at ExCo is replayed at Board meetings).
Becoming really effective at supportive challenge.	The Board being even better at constructive challenge.
Becoming better at having conclusive debates with clear outcomes.	Finishing off Board debates better.
Executive Board members making an even broader contribution in discussion and NEDs making an even broader contribution within the organisation and healthcare system.	Encouraging a broader contribution from the Executive Directors.
NEDs should be more proactive about contributing on issues under debate where they are not subject matter experts already. Testing their boundaries a bit more and offering more generic challenge.	Offering stronger assurance on performance and risk.
Building corporate synergy – currently the combined contribution of the Board could be seen as “less than the sum of the parts”.	Supporting and understanding the organisation better- there is a feeling that the Board has more to do to develop its shared culture and values.

Using the review to improve the way the Board works

8. There is a significant amount of overlap between members of the Board, the Executive and the review with regard to areas that require focus in order to improve the Board's contribution to the delivery of Monitor's corporate strategy. Three broad themes have been identified and these are set out below, together with proposed actions which could be taken in order to address the issues that have been raised. The Board is asked to consider these.

More strategic and better structured discussions supported by better quality papers

9. Actions that might be taken, in whole or in part in order to achieve this:

- a) Shorter formal Board meetings, followed by afternoon workshops. This could enable a clear distinction to be made between formal business and problem solving discussions.
- b) More informal Board sessions (short information sharing conversations between Board members, rather than workshops).
- c) In Board meetings to retain information items, but reduce the amount of time spent on them. This could be achieved by:
 - asking the relevant executive to identify the two or three key points for the Board to note;
 - assuming that the paper has been read and not asking the relevant Executive to introduce the paper; or
 - only discussing information updates from each function on a rolling quarterly basis.
- d) Templates for Board papers to be reviewed and specific prompt questions included to ensure that they are explicit about whether the Board is being asked for a decision or to discuss and how it supports the delivery of Monitor's corporate strategy.
- e) Relevant executives to be asked to summarise debates to ensure that they understand the implications of the Board's discussion or decision and have an opportunity to highlight any matters they consider have not been answered.

Improved challenge – breadth as well as depth

- f) Ask each NED to take an interest in issues that do not fall within their immediate experience.
- g) Facilitate additional briefings on issues to enable generic challenge at meetings, rather than information seeking.
- h) More Board discussions about the organisation's assurance and governance processes.
- i) Chairman to encourage NEDs to follow generic lines of challenge, as well as on specific technical issues.

Clarity about the contributions expected from Board members (executive and non executive) and attendees at Board meetings and more generally

- j) Consideration to be given to changed seating arrangements (formalising the separation of Board members and attendees), so that it is easier for those not familiar with the Board to identify who is responsible for making the decision.
- k) Executive Board members and Board meeting attendees to be asked for more explicit contributions within meetings.

- l) NEDs and executives respectively to identify how they feel the NEDs might engage with the organisation.
 - m) Continue programme of trust visits to enable Board members to act as ambassadors for Monitor within the health sector.
10. Following the Board's discussion and agreement to the actions it wishes to be taken to address the outcomes of its performance review, it is proposed that an Awayday be organised to take place in the summer to further discuss how best to achieve the Board's ongoing development.

Joan Hanham
Chairman

Making a difference for patients:

Monitor's mission is to make the health sector work better for patients. Please state briefly how this report relates to our mission. The role of the Board is to ensure that the organisation achieves its mission. This report sets out proposals to improve the manner in which the Board functions.

Public Sector Equality Duty:

Monitor has a duty under the Equality Act 2010 to have due regard to the need to eliminate unlawful discrimination, advance equality of opportunity and foster good relations between people from different groups. The Act protects against discrimination on grounds of age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion and belief, gender and sexual orientation. We have thought about how the issues dealt with in this paper might affect protected groups

We believe the paper will not have any adverse impact upon these groups and that Monitor has fulfilled its duty under the Act.

Exempt information:

None of this report is exempt from publication under the Freedom of Information Act 2000.