



# GovernWell

A one stop training resource for foundation trust governors

## An overview of strategy and planning for governors



This guide provides governors with information about the governor role in understanding the forward plan of NHS foundation trusts to enable them to present the views from local communities to help shape it. It introduces what strategy and forward planning is and its importance, the different phases of strategy development and provides a helpful glossary of common terms used.

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## BACKGROUND

To safeguard its future, the NHS needs to adapt and change to meet the challenges it faces – only by modernising can the NHS tackle these on a sustainable basis. Robust strategic planning is important because the resources available to trusts to achieve their goals and overcome challenges such as rising demand, rising costs and flat funding are limited.

Forward planning helps foundation trusts (FTs) to analyse the current situation, assess all the options and develop appropriate strategies. Putting these plans into action by considering implementation across all levels of the trust will ensure the delivery of high quality care patients and service users. To be effective, efficient and economical trusts must evaluate, modify or change strategy as the environment evolves.

This guide is not intended to be a comprehensive guide to strategy and planning. It is intended to give governors an overview of the processes and terminology that they will encounter in their FTs. For FTs to be sustainable and to deliver integrated care they need to form networks with other providers across their local health economy. Governors need to be aware of these issues and think about their FT as a health system.



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## WHY IS FORWARD PLANNING IMPORTANT FOR GOVERNORS TO KNOW ABOUT?

If the fundamental purpose of the newly reformed NHS – putting the patient first – is to be made a reality, the system must be grounded in systematic patient and service user involvement to the extent that consultation to inform decision making is the norm. Contributing to developments within a trust gives everyone a role, provides a systematic approach to uncertainties and coordinates and focuses employees, key stakeholders within the local health economy, governors and other volunteers.

Good culture and leadership is also important so trusts can keep on the course mapped out by the strategic plan and stay in control. Good leaders take input from all relevant quarters. However, the final decision lies with them and they will make that decision as quickly as possible to ensure patient care is not compromised. In the Health and Social Care Act 2012 governors have an important duty to represent the interests of members and the public.

Bringing this information back into the trust enables them to fulfil another important statutory duty that we will explain in this guidance document.

**“In preparing the NHS foundation trust’s forward plan, the board of directors must have regard to the views of the council of governors.”**

Health and Social Care Act 2012

## GLOSSARY AND ACRONYMS

### **Annual plan**

Overall business plan for the foundation trust for the year ahead.

### **Audit**

A planned and documented activity performed by qualified person to determine by investigation, examination, or evaluation of objective evidence, the adequacy and compliance with established procedures, or applicable documents, and the effectiveness of implementation.

### **Chair**

An individual who presides over the boards of directors and governors and has non-executive responsibility for the running of the NHS foundation trust’s business.

### **Culture**

The ideas, customs, and behaviours of an organisation.

### **Executive director**

A senior manager of the board of directors that works with other board members to set the NHS foundation trust’s vision, values and standards of conduct and ensure that its obligations to its members, patients and other stakeholders are understood, clearly communicated and met.

### **Evaluation**

Assessment of whether the strategy was effective.

### **Forward plan**

Planning or thoughts made in advance.

### **Francis report**

2013 report of the Mid Staffordshire NHS Foundation Trust Public Inquiry which was chaired by Robert Francis QC.

**Governance**

Governance is the means by which boards direct and control their organisations.

**Health and Social Care Act 2012**

An act of the parliament of the United Kingdom.

**Keogh review**

Professor Sir Bruce Keogh's 2103 review of the quality of care and treatment provided by those NHS trusts and NHS foundation trusts that were persistent outliers on mortality indicators.

**Mission**

Defines current business activities. As it is specific it gives a trust its own identity.

**NHS Constitution**

A set of principles, values and rights created to protect the NHS and make sure it will always do the things it was set up to do in 1948 – to provide high-quality healthcare that's free and for everyone.

**Nolan Principles**

The Seven Principles of Public Life from the Report of the Committee for Standards in Public Life. They are selflessness, integrity, objectivity, accountability, honesty, transparency and leadership.

**Non-executive director (NED)**

Members of the board of directors who scrutinise the performance of the executive management in meeting agreed goals and objectives, receive adequate information. They are particularly responsible for challenging the executive directors in decision-making and on the trust's strategy, but they are collectively accountable with the executive directors for the exercise of their powers and for the performance of the trust. Unlike the executive directors, they do not have a managerial role.

**Object**

The end toward which effort or action is directed. Good quality patient care for example is an object of NHS business.

**Operational plan**

A document that describes milestones, conditions for success and explains how, or what portion of, a strategic plan will be put into operation during a given period.

**Performance**

The accomplishment of a given task.

**Remuneration**

The compensation that one receives in exchange for the work or services performed.

**Statutory**

Written down in law.

**Strategy**

Planning to achieve your overall objects.

**Strategic thinking**

Capturing what the directors learn from a range of sources.

**Unitary board**

Within the board of directors the non-executive directors and the executive directors share the same liability.

**Values**

A belief that a specific mode of conduct is preferable to another. Many trusts think of their values as their guide directing the process of development and growth.

**Vision**

Sets out a course to pursue e.g. to become a new kind of hospital built around patient need.

## WHAT IS STRATEGY?

Strategy is rarely defined and much misunderstood. Quite simply strategy is planning to achieve your overall objects. In NHS foundation trusts it is for the board of directors to set and own the organisation's strategy. However councils of governors have a role in making an input to strategy and in particular, in feeding in the views of foundation trust members and of the public.

The way in which each board of directors tackles the development of strategy will vary from trust to trust and there is no legislative framework or blueprint that foundation trusts are obliged to work to. However, Annual Review Guidance from Monitor for 2014/15 contains a self-assessment tool to help support strategic planning at foundation trusts.

In some trusts the entire board will work up revisions to strategy from the outset, while in others the early development will be the purview of executive directors with the NEDs having a key role in vetting the proposals of the executive. When and where governors become involved will also vary from trust to trust. Governors typically will receive an overview of a trust's strategy during induction.

Also, a condition of the Monitor licence is to generate and monitor delivery of business plans (including any changes to such plans) and to receive internal and where appropriate external assurance on such plans and their delivery.



“Our vision is to make a difference by integrating our care and transport in the pursuit of equity and excellence.”

North East Ambulance Service NHS Foundation Trust

“To put compassionate care, safety and quality at the heart of everything we do.”

The Hillingdon Hospital NHS Foundation Trust

“To make a positive difference to people's lives.”

East London NHS Foundation Trust

## Vision and mission

The starting point for strategy in large complex organisations is often based on a vision and mission statement that set out where the organisation wants to get to and defines the organisation's overall purpose. The vision and mission represent aspirations in respect of long term positioning.

Lincolnshire Partnership NHS FT's mission statement is: **'To promote recovery and quality of life through effective, innovative, and caring mental health, social care and specialist community services'.**

Vision and mission statements will change infrequently and the scope for governors to influence them will be limited to the rare occasions on which they are refreshed. When this happens, governors will be key consultees.

**However, as ambassadors for the trust, governors can communicate the trusts vision in a clear and exciting manner. An exciting and inspirational vision:**

- 👤 challenges and motivates the trust workforce and its volunteers;
- 👤 arouses a strong sense of purpose;
- 👤 induces 'buy in';
- 👤 galvanises people.

**A well conceived strategic vision and mission:**

- 👤 crystallises long term direction;
- 👤 reduces the risk of poor decision making;
- 👤 conveys organisational purpose and identity;
- 👤 keeps implementation at directorate level on common path;
- 👤 helps trusts prepare for the future.

## Values

Sitting below the vision are the organisation's values. These set out the way in which the organisation seeks to work. Values statements are the basis for developing a shared culture based on a common understanding of encouraged and acceptable behaviours. The NHS constitution and the Nolan principles of public life are key documents in influencing values statements. Some values statements are quite lengthy, but many are short and to the point:

**'Kind, safe and excellent'** Cambridge University Hospitals NHS Foundation Trust

In common with mission and vision statements, value statements will also change infrequently and the scope for governors to influence them will be limited to the rare occasions on which they are refreshed. When this happens governors will be key consultees.

## When do trusts develop and review plans?

Medium term strategies will typically set out the aspirations of the business in terms of patient service and quality, the financial and local economic context and plans for income and expenditure alongside plans for the workforce and how services will be delivered.

Monitor issues guidance for foundation trusts in developing their organisational plans and strategy. The first phase is to develop a two year 'operational plan' normally submitted in spring and then the second phase is to develop a longer term five year strategic plan on how they will be financially and clinically viable. However, given the volatility of funding arrangements, different party political perspectives on how the NHS should be run and the likelihood of legislative change it is difficult for NHS organisations to plan in any detail.

As a result, all strategies will be reviewed and revised on a rolling basis each year and the aspiration is that each strategy represents an incremental step towards achievement of the organisation's overall objectives.

Governors have an important role in holding the board to account through the NEDs for the successful delivery of strategy and should also have the opportunity to feed in the views of members and the public when the strategy is refreshed.

## The annual plan

This is the overall business plan for the foundation trust for the year ahead. Annual plans will consist of the same elements of longer term plans but will be more specific and include clearly defined objectives for the year ahead with a narrative of how they will be achieved and the underlying financial underpinning on each objective.

Boards have a statutory duty to consult councils of governors on the content of the annual plan. This is a key opportunity for governors to make an input into strategy and to reflect the views of members and the public to the board.

Clearly, all foundation trusts operate within the context of their local health economy as well as in the context of high profile debates on issues of national importance, such as the Francis report and the Keogh review. Quite often the scope for strategic change is quite constrained and governors will need to manage the expectations of members and of the public to reflect this.

## Relationship with current performance

Current performance information is only useful if it provides assurance that services are being delivered to the required standard and if it leads to plans for improved performance. It is important that boards of directors use performance information to plan and drive through improvement over the short term, not just to assure themselves on the past.

So strategy takes place over the shorter term as well as longer periods of time. In holding NEDs to account, governors will need to know that NEDs have assured themselves that the board is taking the necessary strategic steps over the shorter term to learn from and improve performance.

## Quality accounts

Governors have a statutory duty to review the quality performance of the trust as contained in the quality account for the last year and to make an input into objectives for quality for the year ahead. This is an important opportunity to learn from the past and to propose improvements for the future.

## Annual report and accounts

Governors will have the annual report and accounts presented to them at an annual meeting of governors. Although these documents are backward looking, they present an opportunity to reflect and to look forward to the coming year.

### The annual report will include, at a minimum:

- a directors' report, including a management commentary;
- a report on directors' remuneration;
- a statement on how the foundation trust has complied with the Code of Governance or an explanation of where the foundation trust has chosen not to comply; and other disclosures in the public interest.

### The accounts will include:

- a statement of the accounting officer's responsibilities;
- the annual governance statement, which is the statement of the controls and the effectiveness of the controls that the foundation trust has put in place to manage risks to good governance and effective financial management;
- the auditor's opinion on the accounts (where the auditor has significant concerns, they may choose to issue a separate report on the accounts, this will also be available to governors);
- main statements; and
- notes.

A full guidance document on the annual report and accounts is available.

## WHAT A GOVERNOR MIGHT ASK

Governors also have an important duty to 'hold non-executive directors to account for the performance of the board'. To hold to account is to receive an account or explanation and a justification for actions taken or not taken; to test the account through questioning, to form a judgement and to feed back.

Governors will receive information about the trust's performance in many ways. In the context of strategy and planning, they can dispense of their duty to hold NEDs to account through effective questioning and challenge.

For example:

- 👤 How does this support the board's overall strategy?
- 👤 If the organisation is in surplus, then how will this be reinvested?
- 👤 What are the major financial risks facing the trust and how are they managed?

## CONCLUSIONS

Good strategy begins with a long term vision of where you want to be as an organisation and a mission setting out how you will get there in general terms. From these flow longer term, medium and shorter term strategies which set out the incremental steps to achieving long term objectives and link everyday performance into the organisation's overall objectives.

The organisation's values help to set the culture which determines the organisation's way of working, the 'how' overall objectives will be achieved. Together these should form a coherent whole that can energise the organisation and focus the efforts of its staff.







# GovernWell

A one stop training resource for foundation trust governors

GovernWell is the national training programme for foundation trust governors run by the Foundation Trust Network. The programme aims to be a one-stop resource for governors to develop their knowledge and skills.

To find out more visit:

**[www.foundationtrustnetwork.org/governwell](http://www.foundationtrustnetwork.org/governwell)**