

# policy governance in the NHS

The expectations of boards everywhere are getting greater; nowhere more so than in the NHS. Policy Governance<sup>1</sup> – a highly organised approach to board efficiency – is worth considering, suggests Stuart Emslie, John Bruce and Caroline Oliver.

■ **NHS boards have a lot on their plates. Getting organised to deal with it all is vital. This article is about a particular approach that starts from directors' agreement about their board's purpose and culminates in a set of standing controls that the board constantly uses and improves upon to get its job done.**

The theory upon which Policy Governance is based requires boards to define their purpose in terms of the best interests of those on whose behalf they are working. Thus your board's agreement about who those people are provides the foundation for all your other decisions. John Carver<sup>2</sup>, who created the Policy Governance system, calls those on whose behalf the board operates 'owners' and suggests that they can be defined legally and morally if the board so chooses.

NHS trust boards are most likely to conclude that their legal ownership is the Department of Health as represented by the Strategic Health Authority. However, NHS foundation trust boards are most likely to conclude that their legal ownership is their local members as represented by their board of governors. In all cases, however, these boards could also choose to recognise a wider 'moral' ownership and, subject only to their legal owners' veto, operate as if accountable to them.

Crucially, doing the work of distinguishing board ownership and owners' best interests enables boards to organise matters that pertain to what the organisation is *for* (in Policy Governance, commonly referred to as 'ends') from all other matters (in Policy Governance, commonly referred to as 'means'). In this manner one of the biggest pitfalls, most recently illustrated by the travails of Mid

Staffordshire NHS Foundation Trust – the unwitting sacrifice of ends to means – can be avoided.

## establishing standing controls

Having defined those on whose behalf they are governing, boards are ready to proceed to establish their set of standing controls. Which means that they are ready to agree written policies governing both ends (specifying what benefit the organisation exists to produce, for whom and with what cost-efficiency) and means (the executive's and the board's). The 'policy' we are referring to here is of a very particular sort for it is sufficiently comprehensive to cover the board's total accountability for everything, and yet is sufficiently brief to enable rigorous monitoring.

This is achieved by employing a particular policy architecture. First, policies are categorised to distinguish those governing the chief executive's behaviour from those governing the board's behaviour. Typically Policy Governance boards use four categories:

- ends and executive limitations – governing the chief executive's behaviour
- governance process and board-executive delegation – governing the board's behaviour.

Next, in terms of governing the chief executive's behaviour, whilst ends are always expressed in terms of desired outcomes, executive limitations are always expressed in terms of boundaries dictated by matter of law, ethics and prudence. This allows the board to stick to addressing what would make any means choices unacceptable rather than having to dictate what

those means choices should be, resulting in far fewer policies for the board to monitor and far greater empowerment for the chief executive, who is thus instructed that in pursuit of ends 'everything is permitted unless it is forbidden'.

Finally, the policy in each category starts with the broadest meaningful statement that can be made. In NHS organisations this can lead to a highest level ends policy such as 'our trust exists so that people presenting to us achieve the best possible health outcomes with sustainable level of cost efficiency' and a highest level executive limitations policy such as 'the chief executive shall not cause or allow any organisational decision, activity or circumstance that is either imprudent or unethical or in contravention of our terms of authorisation'. The board can then proceed to create progressively more specific levels of policy until it reaches the point at which it is willing accept 'any reasonable interpretation' of the policy it has already created.

## board policy manual

Typically this results in a board policy manual of no more than 30 pages with an average of five statements on each page. It therefore becomes feasible to monitor each and every policy statement with whatever frequency it deems desirable. Most boards choose to monitor their financial policies quarterly and their other policies six-monthly or annually. They also require their chief executive to notify them in a timely manner of any actual or anticipated non-compliance with any policy (templates exist for all non-ends policies including this one).

The monitoring reports required by Policy Governance boards include the relevant

delegate's 'reasonable interpretation'. In the case of ends and executive limitations policies, the relevant delegate is usually the chief executive. In the case of governance process and board executive delegation policies, the relevant delegate is the chair.

In order for the board to judge whether or not the interpretation is reasonable, it is important that, wherever relevant, the delegate includes any justification they may be able to offer. It is also important that they render their interpretation in terms of compliance standards rather than merely saying whatever the board has said in different words. The last section of a Policy Governance monitoring report always provides verifiable data that establishes the current compliance position in relation to the delegate's interpretation. Should the delegate, or board, feel it necessary, data verification can be enhanced through the use of internal or external audit or board committee review.

#### recognising the potential benefits

The potential benefits of the Policy Governance system (see Box, right) have been recognised by many including Sir Adrian Cadbury<sup>3</sup>, the Council for Healthcare Regulatory Excellence<sup>4</sup>, the General Pharmaceutical Council<sup>5</sup>, British Petroleum, Southend University Hospital NHS Foundation Trust, Hereford Hospitals NHS Trust and Leicestershire County and Rutland Community Services.

Boards today cannot afford to organise themselves with anything less than state of the art efficiency and Policy Governance deserves their attention. ■

Stuart Emslie, John Bruce and Caroline Oliver

## Benefits of Policy Governance

Using Policy Governance equips boards to:

- display leadership – from their own agenda, not the executive's
- think as many, act as one
- secure their organisations within rigorously monitored bounds of safety and ethics
- make purpose number one
- find time and space to focus on the future
- have one concise living document that integrates all they need to say
- empower their executives to be their best
- have brief clear regular information about all they need to control.

#### About the authors

Stuart Emslie – Chief Executive, UK Policy Governance Association; Visiting Fellow, Loughborough University Business School; Editor, Healthcare Governance Review; Formerly Department of Health Head of Controls Assurance for the NHS in England

John Bruce – Chairman, Southend University Hospital NHS Foundation Trust, Southend, UK; Founding member, UK Policy Governance Association

Caroline Oliver – Author, *Getting Started with Policy Governance*, Jossey-Bass 2009; Principal, Good to Govern Ltd, Canada and UK; Chair, UK Policy Governance Association

#### NOTES

<sup>1</sup> Policy Governance® is an internationally registered service mark of John Carver. Used with permission. Registration is only to ensure accurate description of the model rather than for financial gain. The model is available free to all with no royalties or licence fees for its use. The authoritative website for Policy Governance is [www.carvergovernance.com](http://www.carvergovernance.com).

<sup>2</sup> John Carver is the creator of the Policy Governance® model and author of numerous articles and books including *Boards That Make a Difference: A New Design for Leadership in Nonprofit and Public Organisations*.

<sup>3</sup> See, for example, Sir Adrian Cadbury's Foreword to *Corporate Boards That Create Value: Governing Company Performance from the Boardroom* by John Carver with Caroline Oliver.

<sup>4</sup> See Appendix 3 of *Implementing the White Paper Trust, Assurance and Safety: Enhancing confidence in Healthcare Professional Regulators. Final Report of the Working Group chaired by Niall Dickson*.

<sup>5</sup> See Appointments Commission Information Pack for Candidates for the General Pharmaceutical Council.