

Comisiwn Bevan Commission

Valuing Governance: Resetting the Dial



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The governance of public bodies are under the spotlight more than ever, with significant failures in the quality of care being delivered still occurring despite formal governance and regulatory oversight that is supposed to ensure such scandals are a thing of the past. Steve Combe and Jan Williams argue that there is too much reliance being placed on formal governance architecture such as processes, policies and procedures at the expense of examining how people actually behave and act – in effect the prevailing culture within which the formal governance processes are operating. The two authors in the following Opinion Piece are clear that the most immaculate system architecture will be ineffectual if people behave in a way that puts safe and quality services at risk and call for radical change in Wales' approach to governance. The points made reinforce those made in The Bevan Commission's paper on achieving profound and sustainable quality improvement in Wales, that was recently published (8th January 2020).

Helen Howson Director Bevan Commission

Valuing Governance: Resetting the Dial

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When things go wrong inside organisations, whether in the public or private sector, we often point to the absence or erosion of effective governance to attribute the problem and explain the failure. This is usually the case when processes and structures defining accountabilities are ill-designed and sub-optimal, have degraded over time or have not been followed. There are a number of prominent examples within the NHS, including Mid Staffs, Morecombe Bay, Gosport, Betsi Cadwaladr University Health Board, the then Cwm Taf and Abertawe Bro Morgannwg University Health Boards; in these examples, service quality and safety failures became endemic features of the clinical and organizational environments, despite the presence of systems and processes to prevent this. In each case, the subsequent investigatory reports highlighted a number of common themes and patterns, including:

- a lack of focus and attention to doing the "right" things, which are often not clearly defined or standardized;
- staff knowing that a problem exists but remaining silent and acting as passive observers driving a culture of 'hidden truths';
- a lack of action by auditors/regulators to take appropriate action to address emerging issues at the right time;
- a loss of public trust and confidence feeding a culture of cynicism and low expectation.

These common and emergent features raise an interesting question about how the findings of such reports, following lengthy investigations, relate to the way governance is defined and operationalized within organisations as a reflection of the prevailing culture. The underlying model, which is often customized to fit the local context, broadly follows a three-dimensional approach, focusing upon authority, decision-making and accountability (Institute of Governance).

The NHS Foundation Trust Code of Governance defines corporate governance as 'the means by which boards lead and direct their organisation so that decision-making is effective and the right outcomes are delivered'¹. Within NHS Wales, governance is defined as a "system of accountability to citizens, service users, stakeholders and the wider community, within which healthcare organisations work, take decisions and lead their people to achieve their objectives"².

¹ NHS Foundation Trust Code of Governance, Monitor, 2014

² NHS Wales – Good Governance Guide 2012, Welsh Government

Embedded within these definitions is a deep and enduring assumption organisations and leaders will automatically and by default “do the right thing” in and under the right circumstances. Paradoxically however, governance models are often designed to address low trust environments where the scrutiny of the actions and behaviours of individuals (human agency), and how these could result in service failures or breaches, is designed out of the models. Whilst the Nolan principles are well understood, prevailing definitions of governance make no explicit reference to them. As a result, organisations often experience a separation of the governance function, its architecture and operationalization, from the leadership approach and behaviour of those responsible for governing the organisation. Leadership behaviours are rarely codified or defined in ways that clarify the role of human agency in relation to system architecture. The separation of the two introduces a ‘cultural disconnect’ into the design of the governance process and this fundamental flaw exposes an endemic risk of service quality or safety failure, with consequent harm and loss of public trust and confidence.

This leads to a tension between conventional definitions of governance and what are seen to be the causes or reasons for failure. Auditors and regulators spend their time examining the systems and processes associated with effective governance architecture, hunting for deficits and irregularities. This is often at the expense of exploring human agency, the attitudes and behaviours underpinning the delivery of a well-governed organisation. This exposes the importance of ‘principles and values’ as the ‘foundation of good governance’ (European Commission)³. Without human agency providing the connection between systems, procedures and processes, ‘architecture’ can quickly become brittle, disconnected from the lived experience of those who work inside the organisation and who are responsible for ensuring compliance.

So what should good governance look like in the public sector? Arguably, it should blend architecture and human agency in a way that plays to the strengths and not the weaknesses of both. Giving greater emphasis to the one or the other causes a suboptimal solution that often gives the appearance of control but is dangerously flawed.

Striking the right balance is essential. The values-based governance model set out below offers a useful typology to explain the effect of either too much human agency or too much reliance on system architecture. Too much emphasis on architecture leads to an over-engineered system of control and regulation, as highlighted in the top left-hand quadrant. Similarly, an over-emphasis on individual agency leads to a lack of control and the risk of human failure, as highlighted in the bottom right hand quadrant. Good governance requires a blend of both individual agency and architecture, distinguished in the top right hand quadrant.

Organisations that are able to strike the right balance between agency and architecture exhibit the following features:

- ‘carbon framed’ governance models which are durable, light weight, agile, flexible and resilient;
- trustful, confident and compassionate communities fully engaged in service planning, delivery and evaluation;
- a strong culture of social value, driving purpose and outcomes;
- a prompt and positive response to changing environments;
- values-based leadership, generating high trust cultures and inclusive responsibility, with a focus on self-governance
- mature risk management enabling innovation and growth;
- intrinsic commitment versus extrinsic control.

Building an intrinsic commitment to good governance, reducing the need for highly engineered models of extrinsic control, requires a leadership approach that motivates individuals to become self-governing and consciously accountable. This is not a transactional step in the governance process, but a transformational shift in perception and behaviours.

Adopting such an approach would have clear implications, including:

- boards discharging their leadership role and responsibilities to reflect the upper right quadrant;
- training and development programmes blending technical competence, subject matter knowledge and expertise and individual agency around values, behaviours and attitudes;
- auditors /regulators changing their definition of what ‘good governance’ consists of, to balance system/organisational architecture with individual agency.

This will mean Boards, auditors and regulators making some brave and radical decisions to move away from an over-regulated system to a values based approach. It calls for the ‘resetting’ of the governance agenda.

In the next opinion piece ‘Maturing Governance’ the authors will explore the system-wide practical implications of resetting the governance dial.

³ 12 Principles of Good Governance and European Label of Governance Excellence, Council of Europe 2018

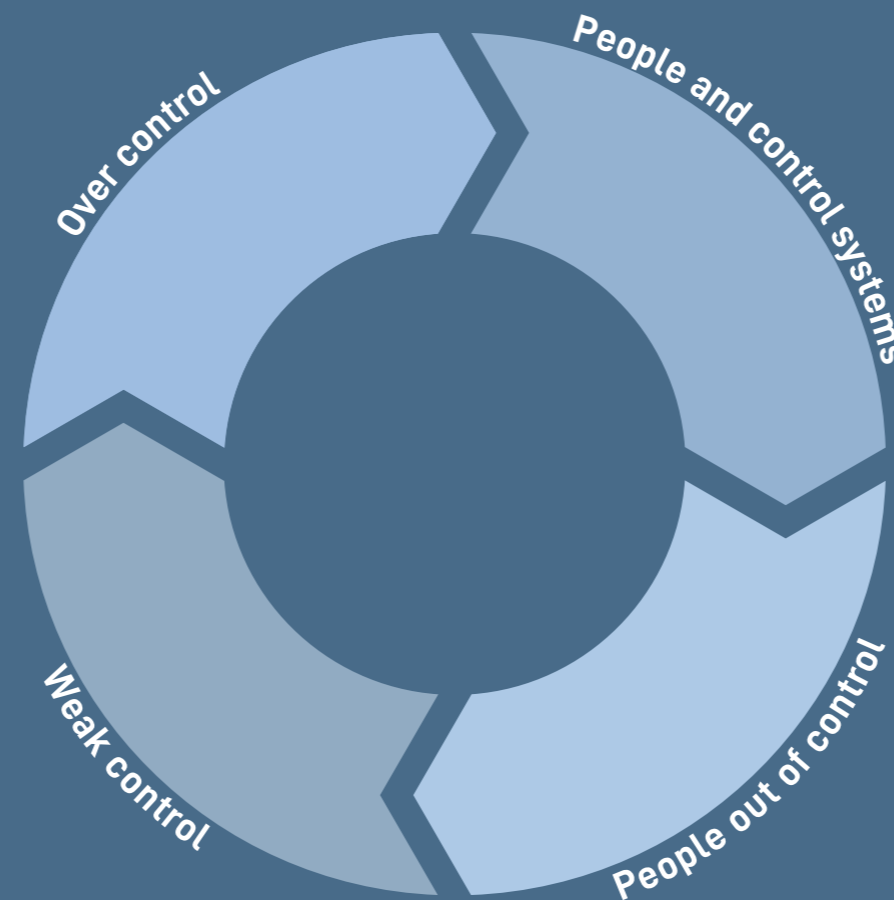
Values Based

Over control

- Driven by organizational self-interest/protection
- Poor staff engagement and commitment
- Professional challenge and curiosity are unwelcome
- Avoidance of taking personal responsibility
- Low levels of public trust, confidence and engagement
- Risk aversion
- No focus on organizational learning/ improvement; closed to new ideas
- Over-engineered environment

Weak control

- Weak architecture with an under-engineered environment
- Low resilience, both in terms of delivering on a day to day basis, but also on managing the unexpected
- High levels of staff disengagement
- High levels of staff disengagement/dissatisfaction
- Lack of learning and risk taking
- Highly disordered and passive in response to problems that will emerge consistently
- Trustless of human agency
- Lack of fitness of purpose
- Exposes system to major risks
- Low levels of public trust and confidence
- Low levels of 'self governance'



Governance Model

People and control systems blending together well

- Driven by outcomes, with a focus on social value
- High levels of staff engagement/commitment
- High levels of professional challenge and curiosity
- High levels of self-governance/people taking responsibility
- High levels of public trust, confidence and engagement
- Robust approach to risk appetite, risk assessment and management
- Promotion of organizational and individual learning and improvement
- Purposeful, high impact leadership based on compassion/humility
- Intrinsic focus on duty of candour
- Full understanding of the relational nature of service delivery/collaborative approach

People out of control

- Weak architecture with an under-engineered environment
- Chaotic lack of controls/personal agendas going unchecked/a free for all
- No concept of taking professional responsibility/low levels of staff governance/no sense of constructive challenge or professional curiosity
- Individuals able to take significant risks/act in a reckless fashion
- Low levels of service user engagement/satisfaction
- No buy in to organizational development/values/behaviours (that are themselves underdeveloped)
- Conflict environment

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