Board self-evaluation: the Bayside Health experience

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Abstract

Board evaluation is a critical component of good governance in any organisation. This paper describes the board self-evaluation process used by Bayside Health, a public health service in Melbourne.

The question of how governing boards can assess their performance has received increasing attention over the past decade. In particular, the increasing demand for accountability to shareholders and regulators experienced by corporate sector Boards has resulted in greater scrutiny of board performance, with the market and the balance sheet providing some basis for assessment.[1-3]

Performance evaluation of governing boards in the public sector has been more challenging. Performance evaluation is complex in a sector that is not simply driven by the bottom line, where the stakeholders involve both government and the broader community, and where access to, and the quality and safety of the services provided, are often the major public criteria by which performance may be judged. While some practices from the corporate sector can be applied successfully in the public sector, this is not always the case, and public sector boards such as the Board of Directors of Bayside Health have been developing ways to evaluate and improve their performance.

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What is known about the topic?

Performance evaluation and improvement is becoming increasingly important as governing boards are required to demonstrate their accountabilities.

What does this study add?

This paper outlines the processes used by Bayside Health in the initial external evaluation of Board performance, and the regular self-evaluation of clinical governance, instrumental processes, meetings and processes, and Board members' contributions.

What are the implications for practice?

Other organisations can consider the applicability of the board evaluation processes used by Bayside Health.

BAYSIDE HEALTH IS A LARGE health service in metropolitan Melbourne created with the reorganisation of Melbourne's health services in July 2000. It has responsibility for three hospitals including a large acute tertiary hospital that provides state-wide services, an aged care and rehabilitation facility, and a small community hospital. With more than 4000 staff and an annual budget of $0.5 billion, it is a large and complex organisation.

Bayside Health has a government-appointed Board of Directors, with all of the members independent of the organisation. Board members are appointed on the basis of their reputation, professional standing and relevant experience as well as the overall maintenance of the required skill mix and gender balance. The skill and experience categories comprise corporate management, finance/audit, human resources, capital management, strategic information technology, clinical governance, risk management, health service issues/planning, community representation, government liaison, media relations, and commitment to the values and clients of Bayside Health.

The Bayside Health Board ("the Board") members have been committed to finding ways to evaluate their performance individually and collectively, and the methods employed so far are outlined.

Board evaluation

Initial evaluation of performance

The Bayside Health Board conducted an evaluation of the Board and its committees in the second half of 2001. An external consultant with experience in the evaluation of the performance of non-profit boards facilitated this initial evaluation process.

Questionnaires were circulated to Board members and senior management for feedback on the Board's performance across a range of responsibilities, including financial outcomes, strategic planning, service planning, relationships with senior management, the effectiveness of meetings and the appropriateness of the committee structure, with an opportunity in each section for suggestions to be made on how the Board might improve its performance. The process enabled consideration of the differences in perception between Board members and management.

This evaluation process proved to be useful for a relatively new Board and provided a basis for the Board to make adjustments to its processes and structures and to develop its members' skills in a targeted way.

Clinical governance evaluation

Clinical governance has received particular attention from the Board. In addition to the financial and other responsibilities, health service boards are responsible for ensuring that effective and accountable systems are in place to monitor and improve the quality and effectiveness of the health services provided. Boards must ensure that any problems identified are addressed in a timely manner, but this is not a straightforward matter for a board that is predominantly composed of lay people.

The importance of the board's role in clinical governance has been underscored by the findings of the Bristol, Douglas, King Edward and Macarthur inquiries that there is potential for adverse outcomes to occur for patients and their families when clinical governance is inadequate.[4-6] In each of these cases, the board or its equivalent failed to respond to important safety and quality issues and was held accountable.

The Bayside Health Board reviewed the clinical governance literature and identified four principles of good clinical governance:

- build a culture of trust and honesty;
- foster organisational commitment to continuous improvement;
- establish rigorous monitoring, reporting and response systems;
- evaluate and respond to key aspects of organisational performance.[7-28]

Just as it expects the health service to be committed to learning and improving continuously, the Board is also committed to improving its processes. The Board therefore developed a clear clinical governance role description and a self-evaluation instrument based on the principles.

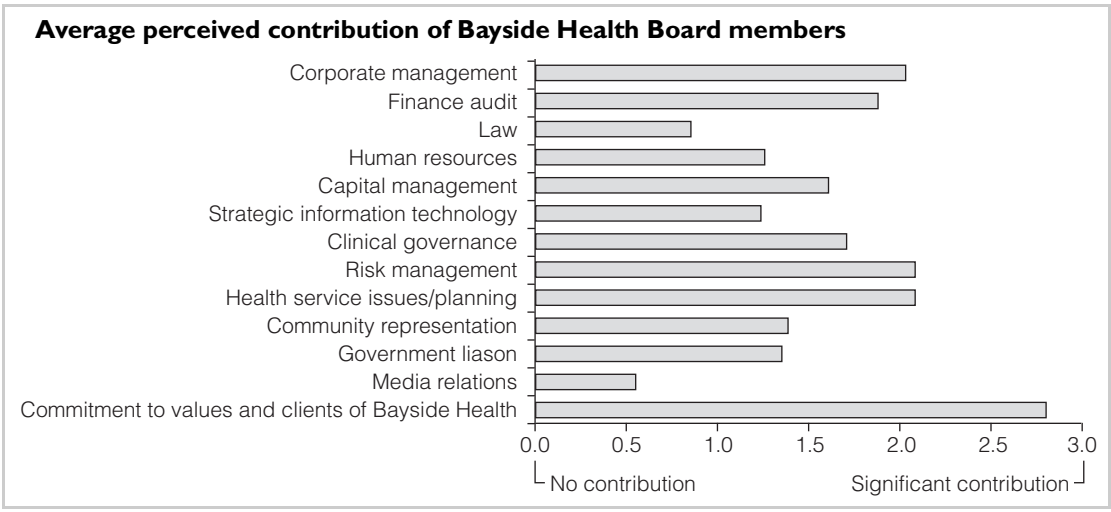
This self-evaluation involves each Board member completing a questionnaire on the Board's overall accountability and responsibility for safety and quality, as well as the Chief Executive's specific safety and quality responsibilities. Using a four-point rating scale, Board members are asked to rate items in five main evaluation areas:

- approach to clinical governance;
- building the right culture;
- fostering organisational development;
- establishing rigorous systems;
- evaluating and improving performance.

Respondents are also asked to comment on how the Board might do better in each area.

Evaluation of instrumental processes

The Bayside Health Board also reviews its instrumental processes. A framework has been developed which sets out the Board's responsibilities by type. The framework focuses on responsibilities under relevant legislation, by-laws and terms of reference, the whole of the government Financial Compliance Framework, as well as



those responsibilities arising from decisions or commitments the Board has made. The framework also lists the mechanisms by which the Board fulfils those responsibilities. Board members are asked to rate the effectiveness of each of the mechanisms on a five-point scale and to comment on ways in which the Board's performance could improve.

Evaluation of meetings and processes

The Bayside Health Board has also developed a process for evaluating Board and meeting processes using a quarterly evaluation tool applied by individual Board members on a rotating basis. The designated Board member observes and records comments about the meeting, assessing the quality of the papers and presentations from management, the extent to which the meeting kept to time, the clarity of the decisions made, the quality of the interactions among Board members and between members and management, and the balance between the time spent on discussion of strategic issues and discussion of operational matters.

A short time is set aside at the end of the meeting for preliminary feedback, with an emphasis on areas for potential improvement. An evaluation report is then prepared for further discussion at the next Board meeting and cumulated for review on an annual basis.

This process has resulted in the development of clear guidelines for reports to the Board, fewer presentations from management but more effective discussion of issues with senior staff, and increased discipline in running the meetings to ensure that the time available for the discussion of each item and the spread and balance of business considered at each meeting are appropriate.

Evaluation of members' contributions

The Bayside Health Board has also developed a tool for the evaluation of Board members' contributions to identified skill areas. The Board members and the Chief Executive rate the contribution of every member of the Board in each of the thirteen areas of skill that health service Boards are expected to include and on which appointments to the Board are made. Board members rate each other as well as completing a rating for themselves using a scale that ranges from zero ("no contribution") to three ("significant contribution").

The Board Secretary de-identifies the completed spreadsheets and forwards them to the Board Chair. The Board Chair produces a summary chart which shows the average contributions of Board members in each skill area (see Box).

There is no expectation that individual Board members will contribute significantly in every

skill area, but the process enables the Board to identify gaps in its mix of skills for targeted development and future recommendation of appointments to the Board. Each Board member also receives an individual chart outlining their perceived contribution relative to the Board average, and the Board Chair follows this up with a conversation with each Board member.

Conclusion

A draft of this paper was discussed at a Board meeting, providing further opportunities for self-evaluation and reflection. In particular, the Board noted that their involvement in a number of areas was through the Board committees, but a sufficiently robust system of evaluating committee performance had not been developed yet.

These annual self-evaluations enable the Board to identify performance strengths and weaknesses and to plan and monitor progress, improvements and priorities for the following year. The Board reports progress, achievements and proposed initiatives to stakeholders in a number of ways, including the annual Quality of Care Report that is circulated widely in the community.

Boards are legally and morally responsible for ensuring the safety and quality of the services provided and are responsible to government and the community for their use of public funds. Evaluation of the performance of the board is essential: the underlying aim is to make the board effective and keep it that way. In this paper we have described the contemporary processes used for board self-evaluation at Bayside Health. We do not necessarily think that we have got this process right and expect to improve our self-evaluation processes over time. This paper is designed to share our approach and to invite feedback to the authors about other approaches that we might adopt in the future. The evaluation tools are evolving and are available at <http://www.baysidehealth.org.au/uploads/general/BaysideBoardClinicalGovernanceSelfEvaluation.pdf>

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