

# COVID-19

## 2 June 2020

## Assurance and the dog that didn't bark

*'The survivors of existential crises have huge wisdom, won at high cost, about what we need in order to endure when the unexpected arrives. Just because we don't know the future doesn't mean we're helpless.'*<sup>1</sup>

As we come into the reset there is grand agreement that the dramatic cutting back on many assurance meetings was rather nice, and that there is not much of an appetite for just returning to how governance was. Guillotined meetings, reduced agendas and fewer assurance papers have worked very well for the last ten weeks and the 'assurance industry' has not been missed.

GGI has long campaigned for lean governance, with precious board time focused on strategy rather than overwhelmed with assurance. We felt that Sir William Wells, the former chair of the [Appointments Commission](#), had the ratio right at 70% strategy and 30% assurance, with non-executives able to deliver their jobs in 2.5 days a month.

GGI has supported organisations looking to cull committees and find better ways of seeking assurance than sitting in a room watching the managers describe their work. A 'tell' of poor governance, we would say, is an organogram with multiple governance layers populated by far too many meetings at which the same issues are discussed again and again with little understanding of what the added value should be at each stage.

### Mechanising assurance

Assurance is indeed a management activity and much of quality management is built upon standards, compliance, checking and removing variation. Audit, with its emphasis on evidence, is another valued branch of modern management.

Digital technology elevates assurance to new realms of certainty through processes such as occurrence screening, a system of quality assurance in which patient care is reviewed, both concurrently and retrospectively, against a set of general outcome screening criteria. It is a method for monitoring the quality of clinical practice more comprehensively than has been possible in the past.

If implemented appropriately, occurrence screening eliminates the random efforts and audits of past quality assurance methods with a systematic and comprehensive monitoring process aimed at identifying both reliable and questionable quality of care practices.

So can we mechanise assurance for complex systems such as healthcare to a point where the role of time-heavy human check-and-challenge can be abandoned safely? GGI would hope that the answer could be routinely yes, but would say, however, universally the answer is no.

Our reasons for this would be the automation paradox and the wisdom of Sherlock Holmes.

1. Heffernan M; 'Uncharted'; Simon and Schuster; London 2020

The pandemic reset phase presents us with a once-in-a-lifetime opportunity to recalibrate the assurance element of governance and properly assert the importance of board reporting and the right way to use the non-executive contribution.

### The automation paradox

The first concept is that of the automation paradox. This states that every time we outsource a function to machines we become less skilled. The skills you automate you lose. But the more efficient an automated system becomes, the more crucial the human contribution of the operators. When humans are less involved, the involvement they do have becomes more critical.

If an automated system has an error, it will multiply that error until it's fixed or shut down by human intervention. Skilled and experienced humans understand and can evaluate ambiguity.

Humans are also uniquely capable of understanding when a gap matters, or further questions need to be asked. In *Silver Blaze*, Sherlock Holmes is able to solve who stole a racehorse by noticing that on the night of the crime no witnesses mentioned hearing the watchdog bark. So from what was not reported Holmes solved the crime. He deduced that the dog knew the miscreant; the thief was duly apprehended.

Board assurance can be seen as a dull, dry subject dominated by process, and without intelligent and rigorous scrutiny by an experienced and independent mind it is not enough. Governance arrangements that are neat and look persuasive on paper can design out intelligent oversight and do no one any favours, least of all the busy executive only motivated to invest in activity that genuinely adds value.

Worse than this, crude assurance systems that rely on human checking emphasise unskilled routine and tend to report only when they hear the dog bark. They fail to use the unique skill that experienced humans can bring: judgement based on intuition, which is a form of intelligence that allows experienced individuals to understand situations without conscious reasoning. Such experience is based on years of heuristic problem-solving which, alongside mechanised checking systems, is able to bring insight to assurance. It brings purpose and value.

### Valued assurance

Assurance should increase the transparency, relevance and value of information that organisations disclose to their market and their stakeholders. Great emphasis is placed in NHS governance in distinguishing between reassurance (when someone tells you that all is well) and assurance (telling you what's happening and showing you the evidence so that you can judge for yourself if all is well).

In this reset period GGI feels that this is not enough. Assurance should offer context, insight and indeed solutions. In a complex, uncertain and unreliable world boards should be adding value through interpretation, seeking change before it is needed and embracing ambiguity for its richness and nuance.

As the NHS contemplates which elements of governance to switch back on and which to leave for a rainy day, boards would do well to recall one of the key learning points from the 2008 banking crisis. In his review of corporate governance following this crisis Sir David Walker said: "Finding the right balance at these frontiers requires judgement that will be in part specific to the situation of the board or entity. Good corporate governance overall depends critically on abilities and experience of individuals and the effectiveness of their collaboration in the enterprise. Despite the need for hard rules in some areas, this will not be assured by overtly-specific prescription that generates box-ticking conformity."

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## Call to action

GGI has recommended that NHS boards check in with their strategic objectives during the summer of 2020 and crucially examine the new risk environment.

Board assurance should be focused on, indeed largely limited to, those controls that influence the risks affecting the likelihood of achieving strategic goals. New assurance systems, if properly designed and organised through the BAF, should liberate boards to focus on the challenges ahead.

This implies thinking through the 'assurance industry' that exists within the management structures of most NHS trusts – and which is often confused with good governance.

Managers need to know when work process or outcome varies from standards or plan. Much of this can be mechanised. Board assurance adds a different value, leveraging judgement and experience in a way that is solutions-driven and provides transparency to stakeholders.

If this update prompts any comments or questions we are keen to hear from you. Please call us on 07732 681120 or email [advice@good-governance.org.uk](mailto:advice@good-governance.org.uk).