

**TRUST, TRANSPARENCY, ACCOUNTABILITY – THE IMPORTANCE OF GOVERNANCE IN CHANGING TIMES**  
**FTN GOVERNANCE CONFERENCE 15 SEPTEMBER 2010**

Thank you for that introduction. It is a pleasure to be here and to be talking to this audience about the importance of governance in a time of change.

As we know to our cost, the NHS is always in a state of flux. But the White paper heralds a degree of change significant even by NHS standards. With that change comes opportunity. But it also brings with it a considerable degree of uncertainty and risk.

There are, however, a number of things about which we can be certain, even now:

- The institutional shareholder in the shape of the Department of Health may have already loosened its grip and will now do so for more of the health service. But Foundation Trust Boards are still responsible for public assets.
- That, as we have already seen, giving greater autonomy to organisations within the health system increases the responsibilities of those charged with the leadership of those organisations.
- That that responsibility covers a lot more than financial performance.
- That in those circumstances robust governance arrangements and intelligent mechanisms to ensure effective accountability become more important than ever. I emphasise the word intelligent deliberately; and that
- The seven principles of public life enunciated by Lord Nolan in 1995 – selflessness, integrity, objectivity, accountability, openness, honesty and leadership – remain as relevant for public boards today as they were when he first formulated them.

I propose to talk today about some of these principles, and about their implications for trust and confidence

Is there a general crisis of trust?

Together with the other members of the Committee on Standards in Public Life I spent a good part of last year producing a report on MPs' expenses. I am sure most of you will recall the public anger which manifested itself as it became apparent quite how rotten the existing system actually was. Politicians have always ranked low in the esteem of the general public, often undeservedly so. The Committee's own surveys regularly put them down with estate agents and red top journalists as the groups of people trusted the least by the public. Even that degree of trust took a further knock because of the expenses revelations. A Eurobarometer survey last July at the height of the crisis suggested that only 17 per cent of the British public trusted Parliament, a fall of 11 per cent in a year. The corresponding figures for France and Germany were 33 per cent and 46 per cent respectively.

Some of the more extreme commentaries at the time suggested that there was a more general crisis of trust in public office holders and in the public services, of which what happened to MPs was only one prominent example.

If that was indeed a general crisis of trust in public institutions, it would be a serious issue. Trust is central to a well-functioning society. Life in a democracy not only requires us to believe that Parliament will legislate fairly and without corruption. We also need to:

- trust the judiciary to uphold the law,
- trust the police to protect us in the light without fear or favour,
- trust a free press to expose transgressors and

- trust professional and public services to be competent and to operate legally,

In the health services – which often touch people at their most vulnerable – we need to trust the surgeon who operates and the GP who gives advice. When we have a stroke or a heart attack we do not have time to look at league tables to determine which hospital has the best record. We need to be confident that whatever hospital we are taken to by the ambulance has competent services.

Adam Smith pointed out trust greatly reduces transaction costs. Its absence can have seriously damaging effects on behaviour. If we do not have confidence in the truthfulness, competence or integrity of the advice given us or the quality of the clinical services provided we are less likely to give our children the MMR vaccine, less likely to comply with medication requirements and less likely to make the lifestyle choices necessary for our health.

Virtually every day things happen which damage confidence. Almost always it reflects poor leadership and a breakdown of governance with the consequent failures not picked up and acted upon early enough by regulators.

A number of developments over recent years make maintenance of confidence more difficult than it used to be during more deferential times:

- A considerable increase in public expectations, which means that organisations are constantly battling to keep up with a moving target.
- The availability of all sorts of new information about care services – infection rates, mortality indicators, the performance of surgical teams and so on – which identifies the poorer performers as well as the good ones.
- A significant increase in other types of information available through the internet – not all of it very accurate and some positively misleading. It is not unusual for GPs to report seeing patients who already have a good idea of what their symptoms might imply and what types of treatment they expect.
- The increased marketisation of services, which can lead to scepticism about the motives of professionals. Is the doctor working in my interest when they suggest the operation or are they attracting money to their hospital? Or might they be rationalising decisions about treatment to minimise the cost to the public purse?
- The tendency of newspapers to focus on mistakes and errors. Competence and trustworthiness are not of themselves very newsworthy. The good news stories rarely if ever make the headlines – at least in the national press.

In the face of all this, the evidence, such as it is, is fairly surprising. People seem to make a distinction between their own experiences and services as a whole. This finding is remarkably consistent across a range of professions and organisations. In health care, individual patients' reported satisfaction with their care is at an all time high. But the public does not seem to think that their own positive experiences are replicated elsewhere. MORI polls suggest that three quarters of people think that their local NHS is providing a good service. But only around half think that it is good nationally.

The other noteworthy fact is that, as pointed out in a seminal 2002 Reith lecture given by Onora O'Neill, whatever we **say**, our **actions** do demonstrate trust in services. We still use hospitals, doctors and care homes. There is no evidence that GP attendances declined in the wake of Harold Shipman. Despite the banking crisis few of us have chosen to keep our money under the mattress.

There could be a number of explanations for this phenomenon. The most reassuring would be that we trust individual professionals and services because they have earned that trust by their behaviour and performance **or** because we trust the regulatory or other arrangements designed to ensure good performance. On this explanation the difference between our views on the particular and the general is because we base the former on our own experiences and the latter on media reporting. We do tend to remember failures like those relating to Victoria Climbié or Mid Staffs. But unless they have touched us personally we do not translate that into what we think about the services we use ourselves.

Even more encouragingly, it could also be the case that we understand that single instances, however horrifying, do not necessarily imply anything about the generality of service quality when thousands of care transactions occur daily without anything obviously going wrong.

The alternative, and less reassuring explanation, is that we trust the health and care services we receive because we **have** to. We simply could not function if we doubted the quality of the care or advice we are given.

Most of us would probably feel reasonably confident about judging the quality of, say, the work done by a decorator in our own home or the service received in a restaurant. Despite the increases in information available the same will often not be the case in relation to health care. Who would ever subject themselves to the attention of a surgeon or physician if they did not have a reasonable expectation of his or her competence?

### Public policy and trust

Broadly speaking, the things which can create circumstances which damage trust and confidence in the health service are much the same as those that created the MPs' expenses scandal – poor leadership, weak or absent regulation and accountability, lack of transparency and inadequate audit

Regulation and accountability mechanisms have two purposes. If well designed they can, or ought to, incentivise professionals to recognise and observe high standards. And they can, or ought to, give confidence to the public that those standards **are** being observed.

But as Onora O'Neill also pointed out in her Reith lecture, the requirement is for **intelligent** accountability. Poorly conceived accountability mechanisms can be counter-productive;

- They can impose such onerous requirements that they get in the way of professionals pursuing their primary purpose.
- They can produce the risk of defensive practice, where services select patients, or change how they provide care, so that the risk of poor performance being reported is minimised.
- They can become mechanisms designed more to protect the professional's own back than to help ensure a high quality of service to the client.
- They can provide the wrong incentives. We have all heard accusations of hospitals "hitting the target but missing the point". Or reports under the previous regime of the gaming of accident and emergency waiting times, admitting patients unnecessarily to avoid a target breach.
- They can require information to be provided of such complexity that it becomes unintelligible to most recipients.

Of course, there are two sides to most of these issues. For example, when public reporting of post-cardiac surgery mortality rates was introduced in England concern was expressed that surgeons would avoid high risk cases, as allegedly happened to some extent in the US. Such evidence as there now is suggests that it has not happened here. The largely beneficial effect may instead be to hasten the closure and reorganisation of smaller, and usually less effective, surgical units.

More generally, the effects of transparency - one the key principles of public life - on trust and confidence can be two-edged. Transparency is without doubt one of the best guarantors of good behaviour. Publication of infection rates in hospitals has without question provided a significant incentive for better practice. If the Freedom of Information Act had applied to MPs' expenses from the beginning of 2005 many of the expenses claims which caused such difficulty would not have been made

But in the short term increased transparency can damage trust. This is particularly the case when, as with MPs, it reveals details of things which previously went on unobserved before those concerned modify their behaviour.

Transparency can also pose some uncomfortable dilemmas where it conflicts with other principles. In particular, a relentless focus on transparency has almost certainly led to an increase in the blame

culture, an effect which has been reinforced by a system of compensation based on proving negligence under an adversarial system.

If left unchecked, the consequences can be serious.

- It can lead to defensive practice.
- It can seriously affect people's willingness to enter professions such as social work, or to take on high risk positions such as directors of children's services.
- It can inhibit honesty when things go wrong.

The last point is particularly important. Care professionals, like MPs, are fallible. Poor decision-making and human error happen. Honest and open handling of mistakes helps to build trust. Serious untoward incident investigations in hospitals rely on honesty if they are to be effective. Yet honesty cannot be guaranteed if those concerned know that if they admit mistakes they run the risk of being publicly pilloried.

### Conclusion

Where does that leave us? I want to make four points...

First, it would be wrong to think that what went wrong with MP's expenses reflected circumstances which were peculiar to them and could not happen anywhere else. There may be better systems of audit and regulation in the NHS than in the House of Commons. But without strong leadership, transparency of decision making and effective and intelligent accountability, trust can still be abused and confidence damaged.

It is almost impossible to exaggerate the importance of leadership in influencing behaviour in organisations. You can have as much regulation, transparency and audit as you like. Without strong and effective leadership they will not of themselves be enough. High standards will not be embedded in the culture and behaviour of organisations unless those in leadership positions promote them by their own behaviour and example.

Second, the over-riding requirement of accountability mechanisms is that they should be **intelligent**. That means recognising that some of the things that are done in the name of accountability can sometimes be counterproductive in terms of outcomes, and understanding that there can sometimes be real dilemmas in applying general principles like transparency. These dilemmas should not simply be ignored. They need to be addressed honestly.

Moreover, efforts to improve accountability and to empower citizens through more and better information cannot be passive. They need to be worked at. And if they are to work for everybody they need actively to target the most vulnerable and marginalised who otherwise risk being left behind as the more able and affluent benefit from improved choice and control.

Third, the relationship between trustworthiness and trust is complex. The increase in regulation and in performance audit within healthcare may have increased standards. But it has not necessarily increased trust and confidence.

There are parallels elsewhere. When the Committee on Standards in Public Life was originally set up in 1994 we were charged with keeping standards of behaviour under review and with making recommendations intended to improve them. This remit was framed at least partly in the belief that it would improve public confidence. 16 years and 12 reports later I am pretty confident that standards **have** improved – though in parenthesis I would have to say that concrete evidence is pretty hard to come by. But despite this believed improvement in **actual** standards there is no evidence that public **confidence** has improved. Indeed the opposite is generally the case. The implication is that if we want to improve trust in public services we may need to adopt other strategies than those that are simply directed at improving trustworthiness.

In particular, there are some aspects of behaviour which may have nothing to do with competence or integrity but which may nevertheless have a significant impact on levels of trust – the courtesy with

which a doctor deals with their patients and listens to their views, for example, or openness about the way decisions are made or about the factors affecting them, or giving people the feeling that they have had the opportunity to influence those decisions. As individuals or as boards we neglect these considerations at our peril. They are an important component of the healing environment.

Fourth, and lastly, trust does not depend on regulation, leadership, transparency and accountability on their own. It is built and maintained through individual experiences. It is the actions of every member of staff in the health sector that can make or break the trust and confidence of patients. If high levels of trust in public services are to be maintained, it is essential that individuals take responsibility for their own actions, consistently demonstrating their adherence to the principles of public life and taking responsibility for their inevitable mistakes.

Thank you for listening.