

Report to: Trust Board 28 February 2013
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Title	NHS Foundation Trust update report
Sponsoring Executive Director	Julia Clarke – Director of Corporate Governance
Author(s)	Tony Holt – Governance Manager
Purpose	Update on the Trusts progress towards FT authorisation

Executive summary

- **Tripartite Formal Agreement (TFA)** – the Trust is seeking to re-negotiate its TFA which maps out the key milestones en-route to Foundation trust authorisation. Discussions are expected to take place between the Chief Executive and the newly formed NHS Trust Development Agency (NTDA) over the coming months before a formal proposal is presented to the Department of Health for agreement.
- As at 31 January 2013, the total **FT membership** stood at 14,007 members (8255 public and 5752 staff members). Continuing recruitments initiatives are in place including younger membership/volunteers schemes
- **FT Pipeline** - Midlands & East SHA Cluster publishes monthly performance ratings for each aspirant FT against aggregated finance, quality, performance and TFA progress measures. For the latest reporting period (January 2013) the Trust is rated as **Amber/Red**.
- Progress against the overall FT project plan is being monitored on a monthly basis via a review meeting with each accountable Director, chaired by the Chief Executive, with the outcomes reported to the relevant assurance Committee (eg HDD to Finance Committee; Quality Governance Framework to Clinical Quality & Safety Committee; Board Governance Assurance Framework to Trust Board)
- The **FT Project Plan** is shown at Appendix A
- The **FT Risk Log** is shown at Appendix B
- The summary **Board Governance Memorandum** self-assessment is shown at Appendix C. The full document is available to view at <X:\Foundation Trust\Board Development\BGAF\SaTH BGM v2.6 130215.doc>
- The East of England SHA cluster **TFA RAG ratings** up to the period of December 2012 are available to view at Appendix D

Related SaTH objectives	SaTH Sub-objectives
FS - Financial Strength: We will use our resources wisely and create surpluses to invest in quality LG - Learning and Growth: We will develop our staff and internal processes to sustain our ability to change and improve	FS1. Develop and implement sustainable clinical strategies LG3. Devolve responsibility and accountability and cooperate with each other

Risk and assurance issues	Risks agreed in Tripartite Formal Agreement Assurance through monthly Provider Management Regime
Equality and diversity issues	None
Legal and regulatory issues	All NHS acute providers are expected to become authorised as NHS Foundation Trusts by April 2014

Action required by the Trust Board

Trust Board Members are asked to:

- **REVIEW** and **APPROVE** the content of the NHS Foundation Trust update report

NHS Foundation Trust Development Programme Summary update report

Overall Status:	AMBER / RED																		
External measures	Midlands & East SHA Cluster FT 'pipeline' assessment (Jan-13) ¹		AMBER/RED ↔	¹ Based on finance, quality, performance and TFA progress measures															
	NHS PAF score (Jan-13) ²		<table border="1" style="width: 100%;"> <tr> <td style="width: 50%; text-align: center;">Finance</td> <td style="width: 50%; text-align: center;">Quality</td> </tr> <tr> <td style="text-align: center;">Performing</td> <td style="text-align: center;">Performance under review</td> </tr> </table>	Finance	Quality	Performing	Performance under review	² NHS Performance Assessment Framework (PAF) 'Balanced Scorecard'											
	Finance	Quality																	
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<table border="1" style="width: 100%;"> <tr> <td rowspan="2" style="width: 30%; vertical-align: top;">Provider Management Regime³</td> <td style="width: 30%;">Governance Risk Rating</td> <td style="width: 10%; text-align: center;">6.5*</td> <td style="width: 10%; text-align: center;">RED</td> <td style="width: 10%; text-align: center;">↔</td> </tr> <tr> <td>Finance Risk Rating</td> <td style="text-align: center;">2</td> <td style="text-align: center;">RED</td> <td style="text-align: center;">↔</td> </tr> </table>		Provider Management Regime ³	Governance Risk Rating	6.5*	RED	↔	Finance Risk Rating	2	RED	↔	³ Trust position as reported to Midlands and East SHA for the period of December 2012 * Plus 4 penalty points applied due to A&E performance								
Provider Management Regime ³	Governance Risk Rating		6.5*	RED	↔														
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Membership	<table border="1" style="width: 100%; text-align: center;"> <thead> <tr> <th style="width: 30%;">FT Membership</th> <th style="width: 20%;">This month</th> <th style="width: 10%;"></th> <th style="width: 20%;">Last month</th> </tr> </thead> <tbody> <tr> <td>Public</td> <td>8255</td> <td style="color: green;">↑</td> <td>8063</td> </tr> <tr> <td>Staff</td> <td>5752</td> <td style="color: green;">↑</td> <td>5697</td> </tr> </tbody> </table>			FT Membership	This month		Last month	Public	8255	↑	8063	Staff	5752	↑	5697				
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Monitoring	<ul style="list-style-type: none"> ▪ Further to the FT 'readiness assessment' of the Trust undertaken by NHS Midlands and East in September 2012, a number of revisions to the milestones within in the Tripartite Formal Agreement (TFA) have been proposed. These are due to be discussed between the Trust and newly emerging NHS Trust Development Agency (NTDA) over the coming months before a formal proposal is presented to the Department of Health ▪ The FT project plan (appendix A), based on a November 2013 submission to the DH for April 2014 authorisation, has been drafted outlining the key milestones, interdependencies and accountabilities to delivery of Foundation Trust status. Progress against the plan is being monitored on a monthly basis via a review meeting with each accountable Director, chaired by the Chief Executive. However, the plan is likely to change when details are agreed with the NTDA ▪ Risks around the FT application are being reviewed on a monthly basis (appendix B), and escalated through the Risk Management process where appropriate ▪ Progress is assured through the relevant Committee reporting to the Board (for example, the Workforce Strategy is being assured through the Workforce Committee; Quality Governance Framework through the Quality & Safety Committee; Historic Due Diligence through Finance Committee). Review of the Board Governance Assurance Framework is reserved to the Trust Board and appended to this report (appendix C) 																		
FT governance framework status	<table border="1" style="width: 100%; text-align: center;"> <thead> <tr> <th style="width: 50%;">Framework</th> <th style="width: 15%;">Open actions (current)</th> <th style="width: 10%;"></th> <th style="width: 25%;">Open actions (Jan-13)</th> </tr> </thead> <tbody> <tr> <td>Board Governance Assurance Framework (BGAF)</td> <td>54</td> <td style="color: green;">↓</td> <td>59</td> </tr> <tr> <td>Historic Due Diligence stage1 (HDD1)</td> <td>24</td> <td style="color: green;">↓</td> <td>27</td> </tr> <tr> <td>Quality Governance Framework (QGF)</td> <td>10</td> <td style="color: black;">=</td> <td>10</td> </tr> </tbody> </table>			Framework	Open actions (current)		Open actions (Jan-13)	Board Governance Assurance Framework (BGAF)	54	↓	59	Historic Due Diligence stage1 (HDD1)	24	↓	27	Quality Governance Framework (QGF)	10	=	10
Framework	Open actions (current)		Open actions (Jan-13)																
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Appendix B - Risk Log

Ref	Risk description	Commentary	Date entered	Owner	Mitigating action taken	L	C	Residual score*	Status
FT24	Failure to deliver service performance improvements	Projects in place throughout Trust to achieve improvements. GRR and FRR f/cast outturn is FT authorisable	19.1.12	COO	Performance management arrangements in place with escalation procedure – continual monitoring of programme. Command group structure established with weekly monitoring meetings at operational level	4	5	20	OPEN
FT22	Failure to deliver improved financial position	Need to ensure QIPP income not understated and LHE deliver QIPP plans.	19.1.12	FD	SLR introduced aligned to new Centre structure with monitoring of performance.	4	5	20	OPEN
FT32	Failure to deliver adequate Cost Improvements	Need robust management of CIP schemes	19.1.12	FD	CIP plans being identified to deliver savings to achieve operating surpluses. Robust 13/14 plan in place	4	5	20	OPEN
FT33	Failure to deliver an improved working capital position	Need annual surplus $\geq 1\%$ of operating turnover for adequate financial headroom	18.2.13	FD	Plan in place to deliver sustainable surpluses from 13/14	4	5	20	OPEN
FT23	Failure to deliver improvements to quality and safety	<ul style="list-style-type: none"> - Working with LHE 19 projects to improve quality and delivery. - Need robust process to monitor actions from Quality Governance Assurance Framework. - Need to ensure Board receive details of QIAs on CIPs. 	19.1.12	DQS	<ul style="list-style-type: none"> - Quality Improvement Strategy being drawn up with clear action plan monitored through Quality & Safety Committee. Additional focus on improving patient safety and patient experience. Embedding LIPS across organisation. Trust McKinsey benchmark shows as top quartile performance. - Need robust process to monitor actions from Quality Governance Assurance Framework that improve GRR to authorisable position 	3	5	15	OPEN
FT31	Failure to develop and agree a clinical service development strategy with our commissioners that will provide the organisation with a sustainable future	Major focus around Emergency/Critical Care and Stroke Services	29.11.12	DBE	Plan in development which will be subject to public consultation during 2013	2	5	10	OPEN
FT26	Lack of support and engagement from external stakeholders.	Current changing landscape of LHE makes engagement more difficult	18.1.12	CEO	<ul style="list-style-type: none"> - Quarterly Stakeholder Conference events held through 2012/13 - Need closer working with CCGs in relation to IBP and LTFM 	2	4	8	OPEN

Ref	Risk description	Commentary	Date entered	Owner	Mitigating action taken	L	C	Residual score*	Status
FT29	Engagement and understanding of FT amongst staff is not achieved	DoC working with WD to ensure staff engagement fundamental to Organisational Development Strategy	20.2.12	DoC	Staff engagement approach integrated within overarching Comms strategy. To include as regular feature in CEO's update.	3	2	6	OPEN
FT21	Failure to deliver reconfiguration of services	Key risks noted at Trust Board 1) Communication of 2) Workforce training 3) Managing transition /implementation	19.1.12	DoT	Full public consultation and ongoing engagement with patients and clinicians and clear project management arrangements and plan in place. Approved by Trust Board 16/4/12. Programme Board established under DoT for implementation stage. FBC with SHA for approval	1	5	5	OPEN

*LxC = Likelihood x Consequence Source: SaTH Risk Management Strategy (RM01)

Appendix C: Board Governance Memorandum: Summary Self-Assessment

Ref	Area	Initial assessment	Current assessment	Red Flags ¹	Lead update	Action Owners	Due date
1. Board composition and commitment							
1.1	Board positions and size	RED	AMBER RED	2/3	All Board positions appointed to (Chairman in progress). Succession plan in place for MD	CEO	Mar-13
1.2	Balance and calibre of Board members	GREEN	AMBER GREEN	0/4	Composition of FT-ready Board to be reviewed by CEO and incoming Chair	CEO	Jul-13
1.3	Board member commitment	GREEN	GREEN	0/4	Since September 2011 the Board have committed to protected time for Board Development each month to focus on FT business.	CEO	Complete
2. Board evaluation, development and learning							
2.1	Effective Board-level evaluation	AMBER RED	AMBER RED	3/4	External evaluation to be undertaken when all Board positions filled - to include stakeholder views on capacity and capability	CEO	Sep-13
2.2	Whole Board development programme	AMBER RED	AMBER GREEN	0/2	Trust to approach NTDA for support as part of plan for 13/14 submission - to undertake when Board composition finalised. BGAF development modules being considered as part of 13/14 Board Development Programme	CEO	Oct-13
2.3	Board induction, succession and contingency planning	RED	AMBER RED	2/3	Formal induction process for Board members to be implemented from Feb-13. Deputy CEO role and Board succession planning being addressed by CEO	CEO/WD	Jul-13
2.4	Board member appraisal and personal development	RED	AMBER RED	1/2	Board level appraisal process – under development by CEO to be implemented from Apr-13	CEO	Jul-13
3. Board insight and foresight							
3.1	Board performance reporting	RED	AMBER RED	2/7	FT-ready content and format of IPR updated by CEO and presented at Trust Board Jan-13. Further development to include Quality Information and Quality Performance by Service Line. Finance Report to include 12 month rolling cashflow forecasting	CEO/FD/DQS	Apr-13
3.2	Efficiency and Productivity	RED	AMBER RED	1/2	Monitoring and post-implementation reviews of QIA to be routinely reported to the Board from Apr-13. Local QIPP plan remains underdeveloped	FD/DQS	Apr-13
3.3	Environmental and strategic focus	RED	AMBER GREEN	1/3	The Trust's Corporate Objectives have been reviewed by EDs and presented to TB as part of NTDA draft submission. These will converted into SMART objectives with clear Exec accountability and form the basis of the Strategic performance Report for 13/14	DBE	Jun-13
3.4	Quality of Board papers and timeliness of information	AMBER GREEN	AMBER GREEN	1/3	Data quality to be assured through Internal Audit. Audit Committee reports quarterly on data quality and governance to the Board	FD	Apr-13
4. Board engagement and involvement							
4.1	External stakeholders	RED	AMBER GREEN	0/4	Patient survey results are acceptable. Net promoter score above regional/national average and showing month on month improvement	DBE	May-13

¹ Red Flags as defined within the BGAF guidance. Numbers indicate Red Flags identified as 'open' / number of Red Flags within the BGAF section

Ref	Area	Initial assessment	Current assessment	Red Flags ¹	Lead update	Action Owners	Due date
4.2	Internal stakeholders	RED	AMBER GREEN	1/3	Developing quality of staff engagement - variety of initiatives underway from Leadership Development to Health & Wellbeing	WD	Oct-13
4.3	Board profile and visibility	GREEN	GREEN	0/2	There is a structured programme of events/ meetings that enables the Board to engage with staff, patients and public	CEO	Mar-13
4.4	Future engagement with FT Governors	GREEN	GREEN	0/3	FT Constitution and Membership Strategy in place. Organisational Comms Strategy and Governor Development Plan under development	DCG/DoC	Complete
5. Board impact case studies		Suggested topics					
5.1	Performance issues in the areas of quality	AMBER RED	AMBER GREEN	Never events.		AF/EB	Sep-13
5.2	Performance issues in the areas of finance	AMBER RED	AMBER RED	Capital management to improve liquidity		NN	Jun-13
5.3	Organisational culture change	AMBER RED	AMBER RED	Leadership development		VMM	Sep-13
5.4	Organisational strategy	AMBER RED	AMBER RED	Reconfiguration		DV	Sep-13

RAG rating criteria: BGAF Guidance

<p>Green</p> <ul style="list-style-type: none"> ▪ All good practices are in place unless the Board is able to explain why it is unable or has chosen not to adopt a particular good practice ▪ No Red Flags identified 	<p>Amber/ Red</p> <ul style="list-style-type: none"> ▪ Some elements of good practice in place ▪ Where good practice is currently not being achieved: <ul style="list-style-type: none"> ○ Action Plans are not in place, not robust or not on track; ○ the Board is not able to explain why it is unable or has chosen not to adopt a good practice; or ○ the Board is not controlling the risks created by noncompliance ▪ Two or more Red Flags identified but robust Action Plans are in place to remove the Red Flags or mitigate them
<p>Amber/ Green</p> <ul style="list-style-type: none"> ▪ Some elements of good practice in place. Where good practice is currently not being achieved, there are either: <ul style="list-style-type: none"> ○ robust Action Plans in place that are on track to achieve good practice; or ○ the Board is able to explain why it is unable or has chosen not to adopt a good practice and is controlling the risks created by non-compliance ▪ One Red Flag identified but a robust Action Plan is in place and is on track to remove the Red Flag or mitigate it 	<p>Red</p> <ul style="list-style-type: none"> ▪ Action Plans to remove or mitigate the risk(s) presented by one or more Red Flags are either not in place, not robust or not on track

Guidance note: the various Red Flags included throughout the BGAF are designed to highlight governance risks and are not intended to be a barrier to the Board's FT application. Where Red Flags are indicated, the AFT Board should describe the actions that are either in place to remove the Red Flags (e.g. a recruitment timetable where an AFT currently has an interim Chair) or mitigate the risk presented by the Red Flags (e.g. where Board members are new to the organisation there is evidence of robust induction programmes in place).

Appendix D: East of England SHA cluster TFA RAG ratings – West Midlands Region (Dec-12)

TFA Return Summary sorted by Patch	SHA	Trust Type	Timeline	Jun-12	Jul-12	Aug-12	Sep-12	Oct-12	Nov-12	Dec-12	Change since last period	Trend over last 3 mths	December 2012/13 NHS PAF score	
													Finance	Quality
West Midlands														
Birmingham Community Healthcare NHS Trust	WM	Community	Apr-12	G	G	G	G	G	G	G	↔	↔	N/A	N/A
Coventry and Warwickshire Partnership NHS Trust	WM	Mental Health	Jun-12	G	G	G	G	G	G	G	↔	↔	Performing (Q1)	Performing (Q1)
Dudley and Walsall Mental Health Partnership NHS Trust	WM	Mental Health	Feb-12	G	G	G	G	G	G	G	↔	↔	Performing (Q1)	Performing (Q1)
George Eliot Hospital NHS Trust	WM	Acute	Mar-13	AR	AR	AR	AR	AR	AR	AR	↔	↔	Performance Under Review	Performing
North Staffordshire Combined Healthcare NHS Trust	WM	Mental Health	Jun-12 (published TFA date)	R	R	R	R	R	R	R	↔	↔	Performing (Q1)	Performing (Q1)
Royal Wolverhampton Hospital NHS Trust	WM	Acute	Oct-10	G	G	G	G	AR	AR	AR	↔	↔	Performing	Performing
Sandwell and West Birmingham Hospitals NHS Trust	WM	Acute	Nov-12	AR	AR	AR	AG	AG	AG	AG	↔	↔	Performing	Performing
Shrewsbury and Telford Hospitals NHS Trust	WM	Acute	Mar-13	AR	AR	AR	AR	AR	AR	AR	↔	↔	Performing	Performance Under Review
Shropshire Community Health NHS Trust	WM	Community	Mar-13	G	G	G	G*	AG	AR	AR	↔	↔	N/A	N/A
Staffordshire and Stoke-on-Trent NHS Partnership Trust	WM	Community	Apr-13	G	G	G	G	AG	AG	AG	↔	↔	N/A	N/A

TFA Return Summary sorted by Patch	SHA	Trust Type	Timeline	Jun-12	Jul-12	Aug-12	Sep-12	Oct-12	Nov-12	Dec-12	Change since last period	Trend over last 3 mths	December 2012/13 NHS PAF score	
													Finance	Quality
University Hospitals Coventry and Warwickshire NHS Trust	WM	Acute	June 2013 (previously Oct-11)	R	AR	AR	AR	AR	AR	AR	↔	↔	Performing	Performing
University Hospital of North Staffordshire Hospital NHS Trust	WM	Acute	Jan-14	AG	AR	AR	AR	AR	R	R	↔	↓	Performance Under Review	Performing
Walsall Healthcare NHS Trust	WM	ICO	Oct-12*	AG	AG	AG	AG	AG	R	R	↔	↓	Performing	Performing
West Midlands Ambulance Service NHS Trust	WM	Ambulance	Nov-11	G	G	G	G	G	G	G	↔	↔	Performing	Performing
Worcestershire Acute Hospitals NHS Trust	WM	Acute	Revised TFA proposes Oct 2013 (withdrawn from Monitor Oct 2011)	R	R	AR	AR	AR	AR	AR	↔	↔	Performing	Performing
Worcestershire Health and Care NHS Trust	WM	Community / Mental Health	Feb-13	G	G	G	G	G	G	G	↔	↔	N/A	N/A
Wye Valley NHS Trust	WM	ICO	Oct-12	AR	AR	AR	AR	R	R	R	↔	↔	Performance Under Review	Performing