

Title	NHS Foundation Trust update report
Sponsoring Executive Director	Julia Clarke – Director of Compliance and Risk Management
Author(s)	Tony Holt – FT Programme Manager
Purpose	Update on the Trusts progress towards FT authorisation

Executive summary

- The Trust remains broadly on schedule to deliver the key components included within the Tripartite Formal Agreement (TFA) with the SHA and DH
- Monthly performance monitoring to the SHA via the Provider Management Regime (PMR) has been completed for May 2012, with the Trust reporting a Financial Risk Rating (FRR) of 1.5 (Red) and Governance Risk Rating (GRR) of 4.5 (Red). Performance issues have been escalated through the PMR framework and discussions are regular and ongoing between the CEO and SHA regarding the Trust's plans to achieve and sustain compliance against all measures within the PMR from July 2012. It is noted that a draft CQC report has been received which should remove the moderate concern from the PMR when published and a draft Learning Disabilities Strategy is being finalised, both of which should further improve the Governance Risk Rating.
- FT workstream RAG ratings:
 - Financial Governance - Amber
 - Quality Governance – Green
 - Business Development - Amber
 - Workforce - Green
 - Governance - Green
- Joint HOSC on 1 June 2012 supported view that a further period of formal public consultation does not need to be undertaken as the Trust's continuing and future engagement strategy is sufficient
- HDD stage 1 commences July – information gathering phase started in June
- The total FT membership stands at 12,808 members (7321 public and 5487 staff members)

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

Risk and assurance issues	Risk agreed in Tri-partite Formal Agreement Assurance through monthly Provider Management Report
Equality and diversity issues	None
Legal and regulatory issues	All NHS Trusts must become authorised as NHS Foundation Trusts by April 2014

Action required by the Trust Board

Trust Board Members are asked to:

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

NHS Foundation Trust Development Programme Summary update report

Attachment xx

Report to:	Trust Board																																										
Date:	20 June 2012																																										
Lead:	Julia Clarke																																										
Overall Status:	AMBER/RED																																										
External measures	<table border="1"> <tr> <td>Provider Management Regime (period of May 2012)</td> <td>GRR</td> <td>RED</td> <td>↔</td> </tr> <tr> <td></td> <td>FRR</td> <td>RED</td> <td>↔</td> </tr> </table>			Provider Management Regime (period of May 2012)	GRR	RED	↔		FRR	RED	↔																																
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Overview of activity for past month	<p>Milestones included within the TFA for this period relate to the full business case (FBC) for the Future Configuration of Hospital Services (FCHS). Since the last update, the FBC was approved by NHS Midlands and East on 24 May. Further to submitting a first draft of our five year Integrated Business Plan (IBP), along with the Long Term Financial Model (LTFM) to the SHA in April, we received largely positive feedback with some areas highlighted for further development. We continue to develop these documents and the next iterations will be submitted to the SHA in July. We still await a formal decision on whether we should undertake a period of formal public consultation on our plans to become an FT. We believe that we have communicated comprehensively with our members and wider public and since the previous FT consultation in 2007/08. The Trust presented an overview of engagement initiatives covering the intervening period to the Shropshire and Telford & Wrekin Joint Health Overview and Scrutiny Committee on 1 June. After due consideration, the Committee wrote to the Trust, stating their view was "...that a further period of formal consultation does not need to be undertaken and the Committee is satisfied that the (Trust's) continuing and future engagement strategy is sufficient". We have forwarded the Joint HOSC's letter on to the SHA for their final arbitration on the matter.</p>																																										

<p>Key issues/ items for forthcoming period:</p>	<ul style="list-style-type: none"> ▪ Provider Management Regime performance review telephone conference with SHA on 13 June. Compliance against all measures within the PMR must be achieved and sustained from July 2012 ▪ FT readiness assessment – The Trust Board will be meeting the SHA Board on 3 July to discuss FT trajectory and current performance ▪ Historic Due Diligence (HDD) stage 1 – Grant Thornton UK LLP has been confirmed as our HDD partner. We are responding to their information request and anticipate that interviews with Directors and senior managers will commence in mid-July ▪ A baseline self assessment of the Board Governance Memorandum (BGM) is being appraised by Deloitte, who continue to assist with Board development. As reported last month, Deloitte will be undertaking 1:1 interviews, Board observation, and a mock 'Board-to-Board' challenge in preparation for a mandatory independent assessment of Board capacity and capability by Ernst & Young (EY) in September / October 2012 ▪ Quality Governance Framework – the evidence is being collected and NED/Director pairings will validate the self assessment
<p>Policy and guidance update</p>	<ul style="list-style-type: none"> ▪ Monitor recently published Director and Governor Interaction. The findings are encapsulated in this best practice guide, which is aimed at existing and aspirant Foundation Trusts. Areas of best practice were identified and are grouped in this guide for easy reference as follows: <ul style="list-style-type: none"> - building strong relationships; - shaping the optimal culture and mind-set; - defining processes and structures that work best; - supporting the delivery of statutory duties; - developing the governors as individuals and as a group; - the future role of governors; <i>and</i> - key advice to aspirant foundation trusts <p>The Health and Social Care Act 2012 (the Act) changes some aspects of the role of governors, these changes are listed within the guide. The timing of the introduction of the additional responsibilities will become clear over the coming months, and such information will be published on Monitor's website here: http://www.monitor-nhsft.gov.uk/monitors-new-role/overview/the-health-and-social-care-act-2012</p> ▪ Monitor has published an independent report Enablers and Barriers to integrated Care and Implications for Monitor to inform the development of its policy on integrated care. The report, commissioned by Monitor from Frontier Economics, the Nuffield Trust, the Kings Fund and Ernst & Young, is another part of the growing evidence base that Monitor will use to determine its approach as sector regulator. Under the Health and Social Care Act Monitor has a duty to "enable" integrated healthcare and integrated health and social care. In order to fulfil that duty Monitor must first gather and build on existing evidence. In addition to the expertise present in the consortium, Frontier Economics have consulted a very wide range of stakeholders through the course of the project and reviewed the key literature. The report can be found on the Monitor website here: http://www.monitor-nhsft.gov.uk/about-monitor/monitors-new-role/enablers-and-barriers-integrated-care-and-implications-monitor
<p>FT authorisations and applicants</p>	<ul style="list-style-type: none"> ▪ There are currently 144 NHS Foundation Trusts of which 41 are mental health trusts, and 4 are Ambulance trusts. <ul style="list-style-type: none"> - The most recent Trust to receive FT authorisation was the Royal Free London NHS Foundation Trust (1 April 2012). - 59% of all acute and specialist Trusts have now been authorised as FTs ▪ Monitor states that the following Trusts have received Secretary of State approval to apply for NHSFT status: <ul style="list-style-type: none"> - Devon Partnership NHS Trust - Leicestershire Partnership NHS Trust - Royal Liverpool and Broadgreen University Hospitals NHS Trust - The Royal Wolverhampton Hospitals NHS Trust - Manchester Mental Health and Social Care Trust - East of England Ambulance Service NHS Trust

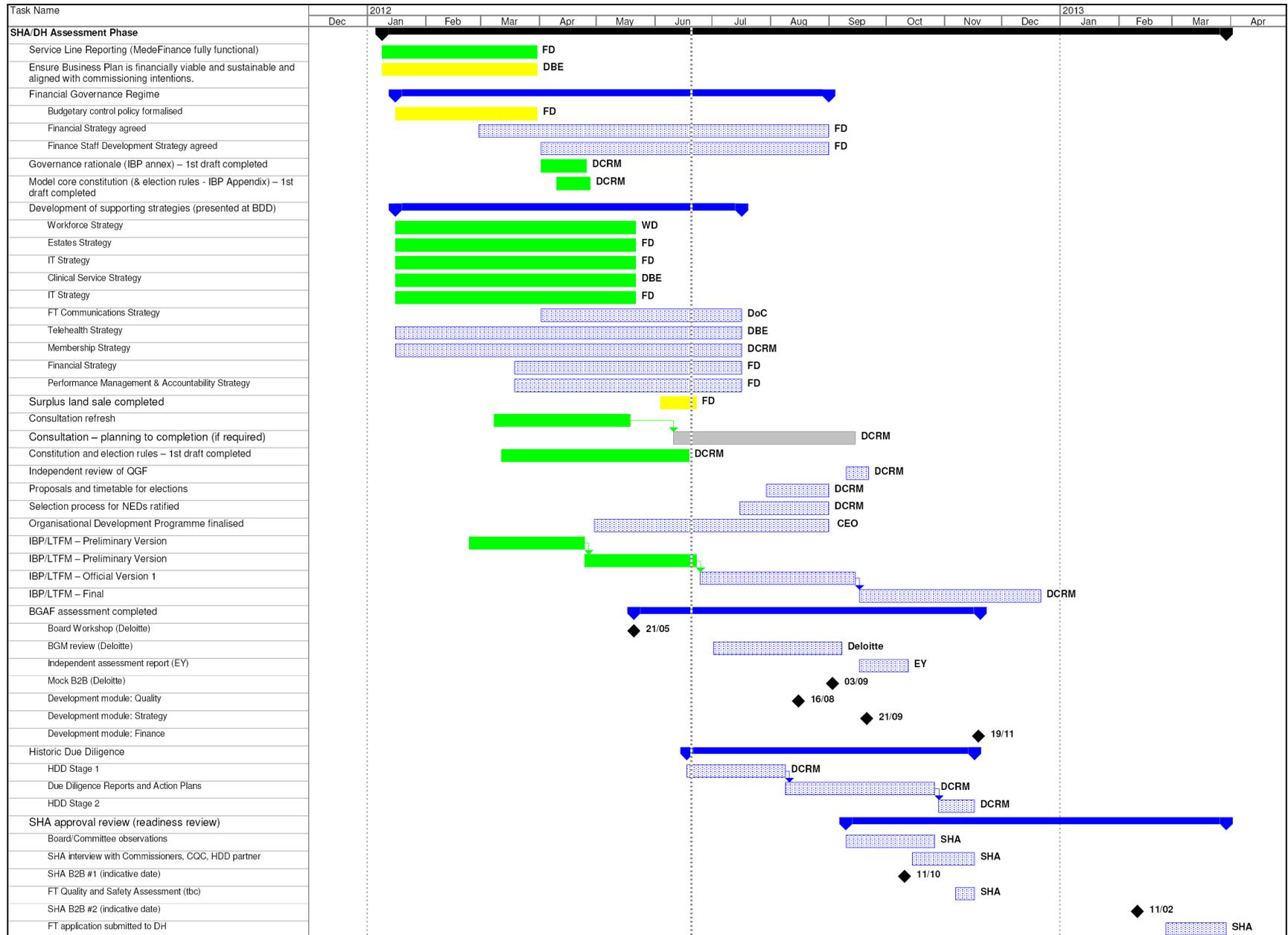
**Summary: Board
Development Day**

18 June 2012

- **Finnamore update** – A Cairns
- **IBP update & discussion**
 - Chapter 2 - A Osborne
 - Chapter 3 – A Cairns
 - Chapter 4 & 5 – S Peak
 - Chapter 6 & 7 – N Nisbet
 - Chapter 8 – V Maher
 - Chapter 9 – J Clarke
 - Next steps – J Clarke
- **LTFM update & discussion** – FD
- **How to challenge an IBP & LTFM from a board perspective**
 - Mike Gill Associate Director Health - Business Advisory Services RSM Tenon
- **Sustainable CIP workshop (Monitor publication - Jan 2012)**
 - Andrea Green Interim Programme Director
- **Board readiness preparation for 3rd July**
 - Mike Gill Associate Director Health - Business Advisory Services RSM Tenon
 - Hints and tips of successful FT application
 - Practice questions/themes for a B2B and SHA expectations

DATE OF NEXT MEETING: 16 July 2012

Appendix A – FT Project Plan



Appendix B - Risk Log

Risk description	Commentary	Date entered	Owner	Mitigating action taken	LxC*	Residual score	Status
Failure to deliver improved financial position – including working capital and CIPs	Need to ensure QIPP income not understated and LHE deliver QIPP plans.	TFA	FD	SLR introduced aligned to new Centre structure with monitoring of performance. CIP plans identified to deliver savings to achieve operating surpluses. Dedicated Programme Management Office established to track performance of CIP delivery.	3x5	15	OPEN
Failure to deliver service performance improvements	Working with LHE 19 projects to improve quality and delivery	TFA	DoO	Performance management arrangements in place with escalation procedure	3x5	15	OPEN
Capacity to manage the impact of consolidation of financial management and operational performance whilst starting the FT pipeline		TFA	CEO	Project approach with robust measurable programmes in place and creation of Programme Management Office to ensure deadlines are delivered. Management and clinical restructure completed. Additional senior staff in post.	3x5	15	OPEN
Failure to deliver improvements to quality and safety	Working with LHE 19 projects to improve quality and delivery	TFA	DQS	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.	2x5	10	OPEN
Lack of support and engagement from external stakeholders.	Current changing landscape of LHE makes engagement more difficult	18.1.12	Chairman	Inaugural Stakeholder conference held on the 10 th of May 2012 – to be held quarterly	2x4	8	OPEN

Risk description	Commentary	Date entered	Owner	Mitigating action taken	LxC*	Residual score	Status
Available time and resource to conduct public consultation if required		26.1.12	DCRM	Reviewing FT Constitution to then seek formal decision from SHA after HOSC view obtained	3x2		OPEN
Failure to deliver reconfiguration of services	Key risks noted at Trust Board 1) Communication of 2) Workforce training 3) Managing transition /implementation	TFA	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	1x5		OPEN
Engagement and understanding of FT amongst staff is not achieved		20.2.12	WD	Learning support being developed 'FT so what' to ensure organisations understanding.	2x2		OPEN