

Report to: Trust Board 30 August 2012

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

- **FT Pipeline** - Midlands & East SHA Cluster now publishes quarterly performance ratings for each aspirant FT against their Tripartite Formal Agreement (TFA) milestones. For the latest reporting period (Quarter 1 April to June 2012), the Trust is rated as **Amber/Red**.
- **Provider Management Regime (PMR)** - the Assurance Compliance Unit (ACU) has been issued with the monthly performance monitoring which will be reported to the SHA via the new PMR for the period of July 2012:
 - Financial Risk Rating - **Amber**
 - Governance Risk Rating - **Amber/Red**

Performance issues continue to be 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 as soon as possible
- **FT workstreams** - RAG ratings:
 - Financial Governance - **Amber**
 - Quality Governance - **Green**
 - Business Development - **Amber**
 - Workforce - **Green**
 - Governance - **Green**
- The total FT membership stands at 12,901 members (7464 public and 5437 staff members)
- The FT Project Plan shown at Appendix A
- The FT Risk Log shown at Appendix B

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	Risks agreed in Tri-partite Formal Agreement Assurance through monthly Provider Management Report
Equality and diversity issues	None
Legal and regulatory issues	All NHS Trusts will 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

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Report to:	Trust Board		
Date:	30 August 2012		
Lead:	Julia Clarke		
Overall Status:	AMBER / RED		
External measures	FT 'pipeline' assessment*		AMBER / RED ↔
	Provider Management Regime**	GRR 3	AMBER / RED ↑
		FRR 2	RED ↓
<p>* Midlands & East SHA Cluster SHA internal assessment of finance, quality, performance and TFA progress, Refers to latest reporting period (Quarter 1 April to June 2012)</p> <p>** Trust position as reported to the SHA via the new PMR for the period of July 2012</p>			
Internal measures	FT Workstreams		
	Financial Governance		AMBER ↔
	Quality Governance		GREEN ↔
	Business Development		AMBER ↔
	Workforce		GREEN ↔
	Governance		GREEN ↔
	FT Membership		
		This month	Last month
	Public	7464 ↑	7344
	Staff	5437 ↓	5459

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<p>Overview of activity for past month</p>	<ul style="list-style-type: none"> ▪ The Governance Risk Rating has improved for the month of July. Clinical performance issues have been escalated through the PMR framework and the most recent discussions between the Trust Board and SHA Board have focused on the delivery of the RTT targets, which were achieved for non-admitted and admitted patients for the first time this year in July. However, the Trust failed to sustain the achievement of the A&E target and the Cancer urgent referrals target was missed in July. The Finance Risk Rating deteriorated marginally in the month of July due to the overriding rules within the new PMR template, although the outturn position is now forecast as 3 (Green). The SHA has requested firm assurance that plans to achieve and sustain all measures within the PMR are implemented more quickly to ensure full and sustainable compliance as soon as possible. ▪ Milestones included within the TFA for this period relate to the completion of a Historic Due Diligence stage 1 (HDD1) exercise with our assessment partner Grant Thornton. The final report on this initial assessment, together with an action plan for improvement has been issued and is being presented to the Board at this meeting (30 August). ▪ We continue to periodically communicate our progress towards FT, together with associated the risks and issues, to all stakeholders via, HEC, ODG and TNCC in addition to staff and public member newsletters, the intranet and public website. The next Stakeholder Conference is scheduled for Thursday 13 September 2012 at PRH.
<p>Key issues/ items for forthcoming period:</p>	<ul style="list-style-type: none"> ▪ Further to the baseline self assessment of the Board Governance Memorandum (BGM), an action plan has been constructed to address areas of development. Mandatory independent assessment against the Board Governance Assurance Framework (BGAF) by Ernst & Young (EY) be undertaken during the period of October/November 2012 ▪ Evidence collection and validation by Board members has been planned to assure the Quality Governance Framework (QGF) prior to independent assessment in October/November 2012. However no progress has been made as yet in collating the evidence to support the DQS's self assessment. This should be considered as a priority ▪ A revised LTFM is to be presented at the Board Development session on 3 September. Key supporting documents (Estates, IT, Clinical Service and Workforce Strategies) are also being presented to the Board at this session, and Deloitte continue their programme of Board to Board preparation
<p>Consultations and reviews</p>	<ul style="list-style-type: none"> ▪ As reported last month, Monitor is currently consulting on proposals to make changes to sections of the publication <i>Applying for NHS Foundation Trust Status: Guide for Applicants</i>. The changes are being proposed following the recent internal audit review into the events at University Hospitals of Morecambe Bay NHS Foundation Trust. The consultation includes the following proposals: <ul style="list-style-type: none"> – Introducing the ability for Monitor to require applicant trusts to commission external reviews into service performance or governance arrangements in cases where there is insufficient evidence to conclude that the level of concern is within the tolerance for authorisation – the requirement for applicants to submit a letter of representation at the end of Monitor's assessment process which certifies that they have provided all relevant information to Monitor in their submissions <p>A reminder that this consultation closes at 5pm on 5 September 2012 http://www.monitor-nhsft.gov.uk/sites/default/files/Assessment%20Consultation%20-%20July%202012.pdf</p> ▪ On 16 August, Monitor launched a consultation that provides a draft of the guidance published to support commissioners with the process of designating services which should be protected. Commissioners are required under the Act to pay regard to Monitor's guidance and the deadline for responses is 8 November 2012. The consultation documentation can be found on the Monitor website here: http://www.monitor-nhsft.gov.uk/home/news-events-and-publications/our-publications/consultations/consultations-and-engagement-monito-1 ▪ On 31 July, Monitor launched a statutory consultation on a new provider licence. The consultation sets out the thinking behind the latest proposals and explains changes made following feedback from feedback to date. Monitor's provider licence will be a key tool for regulating providers of NHS services. The licence will set out various conditions providers must meet, including conditions relating to: pricing; preventing anti-competitive behaviour which is against the interests of patients;

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	<p>enabling integrated care; supporting commissioners to maintain service continuity; and the governance of foundation trusts. Monitor expects to be ready to issue licences to NHS foundation trusts in April 2013, and other providers needing a licence from April 2014, subject to the results of this consultation. The deadline for responses is 23 October 2012, and the consultation documentation can be found on the Monitor website here: http://www.monitor-nhsft.gov.uk/home/news-events-and-publications/our-publications/consultations/consultations-and-engagement-monito-0 Note: on 16 August, the Department of Health launched a similar consultation on the new NHS provider licence which can be found here: http://www.dh.gov.uk/health/2012/08/consultation-licensing/</p> <ul style="list-style-type: none"> ▪ A Performance Review of Foundation Trusts for 2011/12 has been published covering the 143 FTs authorised up to 31 March 2012. A detailed overview of the report is available from the Monitor website here: http://www.monitor-nhsft.gov.uk/home/news-events-and-publications/latest-press-releases/foundation-trust-performance-review-publishe
<p>FT authorisations and applicants</p>	<p>There are currently 144 NHS Foundation Trusts of which 41 are mental health trusts, and 4 are Ambulance trusts.</p> <p>The most recent Trust to receive FT authorisation was:</p> <ul style="list-style-type: none"> ▪ Royal Free London NHS Foundation Trust (1 April 2012) <p>59% of all acute and specialist Trusts have now been authorised as FTs.</p> <p>Monitor states that the following Trusts have received Secretary of State approval to apply for NHSFT status:</p> <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 ▪ West Midlands Ambulance Service NHS Trust ▪ Dudley and Walsall Mental Health Partnership NHS Trust ▪ Western Sussex Hospitals NHS Trust
<p>Summary: Board Development Day August 2012</p>	<p>No session was held in August</p> <p>DATE OF NEXT MEETING: 3 September 2012</p> <p>Agenda items are:</p> <ul style="list-style-type: none"> ▪ Workforce Strategy – Victoria Maher ▪ IT Strategy – Neil Nisbet ▪ Clinical Service Strategy - Debbie Vogler ▪ FT Communications Strategy – Adrian Osborne ▪ Latest LTFM – Neil Nisbet ▪ Estates Strategy – Neil Nisbet ▪ Board to Board preparation – Mo Ramzan (Deloitte)

Appendix A – FT Project Plan

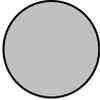


- Key**
- ✓ - Completed
 - ☒ - On scope
 - ☒ - Off scope
 - ▨ - Planned Task
 - ▨ - Progress (%)
 - ◆ - Milestone event

Monitor
30/12

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. Need robust management of CIP schemes through PMO	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.	4x5	20	OPEN
Capacity to manage the impact of consolidation of financial management and operational performance whilst starting the FT pipeline	Notice given of two Assistant Directors of Finance are imminently leaving the organisation	TFA	FD	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. Restructure of Finance Directorate in progress. Discussion with SHA re: submission date	4x5	20	OPEN
Failure to deliver service performance improvements	Working with LHE 19 projects to improve quality and delivery. PMR improvements seen in GRR and FRR f/cast outturn	TFA	COO	Performance management arrangements in place with escalation procedure – continual monitoring of programme.	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. Recent improvements in GRR	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 May 2012 – to be held quarterly. Next event scheduled for Sept 2012	2x4	8	OPEN

Risk description	Commentary	Date entered	Owner	Mitigating action taken	LxC*	Residual score	Status
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
Available time and resource to conduct public consultation if required		26.1.12	DCRM	SHA and HOSC agreed further formal consultation not required	3x2		Closed