**Executive Lead**
Julia Clarke, Director of Compliance and Risk Management

**Author**
Tony Holt, Programme Manager

**Corporate Objective**
CO6 Achieving NHS Foundation Trust Status

**Goal**
6.2 Developing and delivering the Trust’s clinical services strategy

<table>
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<th>Executive Summary</th>
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<td>The Trust plans to achieve Foundation Trust (FT) status in 2013, and Julia Clarke (Director of Compliance and Risk Management) has formally taken responsibility as organisational lead for the Trust's FT application. FT leads from SaTH will meet with the SHA during late February/early March 2011 and pending full support, a ‘tripartite agreement’ between the SHA, DH and SaTH to move towards the FT authorisation will be finalised by 31 March 2011. Draft milestones and key activities within the planned FT trajectory are detailed in this paper and will be agreed with the SHA in February/March. The FT Self Assessment has been completed, which included a declaration relating to the quality and safety of the organisation; a self assessment of Board capacity and capability to manage the organisation through to FT; and the submission of the latest draft LTFM. This will have a formal response from the SHA but initial feedback has recognised the open and honest assessments. The Chairman and CE will undertake a review of the Trust's Constitution during early Spring 2011. The SHA have advised that another Historic Due Diligence (HDD) will be required during Phase 1 of the Trust’s application with an associated cost of around £150,000 early in 2012. The Health and Social Care Bill 2011 is currently going through Parliament and is proposing some significant changes to the role of Governors – including holding NEDs individually and collectively to account for the performance of the board of directors.</td>
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<th>Recommendations</th>
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| The Trust Board is asked to **NOTE**:
- The next steps to achieving NHSFT status, as set out in this paper, including the HDD requirement
- The new policy and guidance for existing and applicant NHS Foundation Trusts, including the strengthened role of Governors |
1. Current Position

The Trust is beginning the work to re-energise its FT application. The SHA has restructured its team and established five performance managers (PMs) for the region, each allocated a cluster of aspirant FTs for which they are the primary point of contact with the SHA, although specialist support is still available for specific financial queries etc. The West Mercia PM is David Williams who has already met with Julia Clarke to discuss the FT application and will be providing formal feedback to the Trust on its self assessments submitted at the end of January and support available. The FT Self Assessment included:

- a declaration relating to the quality and safety of the organisation
- a self assessment of Board capacity and capability to manage the organisation through to FT; and
- the submission of the latest draft LTFM

Representatives from SaTH will meet with the SHA during late February/early March 2011 and a tripartite agreement between SHA, DH and SaTH to move towards the FT status will be finalised by 31 March 2011.

The Chairman and CE will undertake a review of the Trust’s Constitution during early spring 2011.

2. FT application: overview of phased process

Preliminary work with support from the SHA includes:

- February 2011  - Agree milestones with SHA
- March 2011  - Tri-partite agreement signed
- April – July 2011  - Review of governance arrangements to deliver FT Implementation of Board Development Plan
- August – November 2011 - Work on IBP, LTFM, SHA assurance form
- December 2011  - Baseline Board2Board (SHA)
- January - August 2012 - Draft IBP, LTFM, Board Assurance Self Certification, SHA Assurance

The FT assessment process is set out below with draft timescales:

**June - August 2012**
- Submission to SHA
  - IBP
  - LTFM
  - Self Certification / Board Assurance
  - SHA NHSFT assurance form

**September – December 2012**
- Public Consultation
- HDD stage 1

**December 2012 – February 2013**
- HDD stage 2

**February 2013**
- SHA recommendation to Executive Board

**March 2013**
- DH Applications Committee

**May 2013**
- SoS approval

**July - October 2013**
- Monitor Board to Board
- Preparation of Trust Board Memorandum

**August 2013**
- Governor elections

**December 2013**
- Authorisation

**Note:** the DH has informed all aspirant Foundation Trusts that applications must be ready for phase 2 of the process by 31 March 2013.
3. **FT application: Level 2 Plan**

![Flowchart showing the application process]

4. **New policy and guidance**

There are currently **134** NHS Foundation Trusts, (92 Acute and Specialist Trusts, 41 Mental Health Trusts, 0 Ambulance Trusts). **56%** of all Acute and Specialist Trusts in England are now authorised as NHS Foundation Trusts (NHSFT). The following applicants were authorised from 1 February 2011:

- The Queen Elizabeth Hospital, King’s Lynn, NHS Foundation Trust
- Derbyshire Healthcare NHS Foundation Trust

Monitor states that the following NHS trusts have received **Secretary of State approval** to apply for NHSFT status:

- The Hillingdon Hospital NHS Trust
- The Ipswich Hospital NHS Trust
- Kent and Medway Social Care Partnership NHS Trust
- Leicestershire Partnership NHS Trust
- North East Ambulance Service NHS Trust
- The Robert Jones and Agnes Hunt Orthopaedic and District Hospital NHS Trust

- South East Coast Ambulance Service
- South Western Ambulance Service
- Southampton University Hospitals NHS Trust
- West Suffolk Hospital NHS Trust
- The Royal Wolverhampton Hospitals NHS Trust
- Worcestershire Acute Hospitals NHS Trust

4.1 **New Monitor policy and guidance for NHSFT applicants:**
- None since last report

4.2 **New Monitor policy and guidance for existing NHSFTs:**
- None since last report
4.3 Consultations (Monitor; DH; other):
- None since last report that close in February
- Those with a March closing date include: the Public health white paper; the OFT Commissioning and competition in the public sector study; value based pricing and Liberating the NHS: developing the healthcare workforce white paper.

4.4 Publications, responses to consultations, reports and other correspondence (for info):
- **FT Network briefing on the Health And Social Care Bill (FT Network, January 2011)**
  Published on 19 January, the bill has 300 clauses and 22 schedules. It includes a range of freedoms for FTs, and a definitive date of **1 April 2014** by which all NHS Trusts must become a Foundation Trust, formalising the anticipated move to an all-FT provider sector. The bill had its second reading in the House of Commons on Monday 31 January and now moves to its committee stage. More details on the FT Network briefing can be found here: [http://www.nhsconfed.org/Networks/FoundationTrust/News/Pages/FTNseesopportunitiesinHealthBill.aspx](http://www.nhsconfed.org/Networks/FoundationTrust/News/Pages/FTNseesopportunitiesinHealthBill.aspx)

The Bill proposes some strengthened roles for governors. Currently this includes;
- Council of Governors - are to hold the NEDs individually and collectively to account for the performance of the board of directors, and to represent the interests of the members of the corporation as a whole and the interests of the public.
- The directors’ duty to support governors – to ensure that the governors are equipped with the skills and knowledge they require in their capacity as such
- Directors’ duty to attend governors’ meetings – to obtain information about the FTs performance of its functions or the directors performance of their duties (and deciding whether to propose a vote on the FTs’ or directors’ performance), the council of governors may require one or more of the directors to attend a meeting
- Directors’ duties to inform governors – before holding a meeting, the board of directors must send a copy of the agenda of the meeting to the council of governors. As soon as practicable after holding a meeting, the board of directors must send a copy of the minutes of the meeting to the council of governors.
- Governors’ right to approve ‘significant transactions’ – An FT may enter into a significant transaction only if more than half of the members of the council of governors of the trust voting approve entering into the transaction. ‘Significant transaction’ means a transaction or arrangement of such description as may be specified in the trust’s constitution.
- Governors’ right to approve merger or acquisition or separation – an application for a merger or acquisition or separation may be made only with the approval of more than half of the members of the council of governors of each affected trust.
- Governors’ right to approve constitutional amendment – amendments require (only) the approval of more than half of the members of the council of governors of the trust and more than half of the members of the board of directors of the trust voting to approve amendments, in which case, those amendments take effect immediately

- **Monitor statement on the publication of the Health and Social Care Bill (Monitor, January 2011)**
  Monitor “…strongly supports the Government’s proposals to move to a more devolved system for the NHS, with increased competition in healthcare, as set out in the Health and Social Care Bill”. The Bill proposes that Monitor will take on the role of independent economic regulator for all health and adult social care in England. As the economic regulator, Monitor would have four main roles:
  - Licensing providers
  - Price setting
  - Promoting competition
  - Supporting service continuity

In addition Monitor will have an ongoing and important role in regulating foundation trusts.

The FTN have published the first instalment of what will become “…a comprehensive compendium of best practice in corporate governance”. The compendium will cover the elements of good governance and will disseminate best practice from Foundation Trusts and the private sector. More details can be found here:
http://www.nhsconfed.org/Networks/FoundationTrust/Workstreams/governance/Pages/FoundationsofGoodGovernance.aspx

5 Recommendation

The Trust Board is asked to **NOTE**:

- The next steps to achieving NHSFT status, as set out in this paper, including the requirement to undertake another HDD
- The new policy and guidance for existing and applicant NHS Foundation Trusts, including the strengthened role of governors