

Foundation Trust Report Report for the AWP NHS Trust Board			
Meeting Date: 2012-07-25	Meeting Time: 12:00	Agenda Item: 19	Serial: 12.06390639
This Report is presented by the Chief Executive for Noting in the Public session of the Board.			

Report Summary

<p>Purpose of this Report: To update on progress in key areas of the FT work programme in recent months.</p>
<p>Board Decisions Recommended: The Board is recommended to note the report.</p>
<p>Actions Arising from the Report: For the FT Director to take forward the FT work programme with relevant Executive Directors.</p>

Report Links

Quality and Safety Implications	This report highlights actions taken or planned in response to quality governance criteria required by Monitor - and confirms that the self assessment of the Board Governance Assurance Framework (BGAF) currently underway includes the quality governance module.
ALE	2.1, 5.1
Corporate Risk Register	STR 10

List of Appendices

<ul style="list-style-type: none"> • Appendix 1 – Membership and ex-members report, June 27th 2012 • Appendix 2 – Membership Target Performance, June 27th 2012 • Appendix 3 – DH Stage 1 Escalation letter, dated 3rd July 2012 • Appendix 4 – Briefing on Board Governance Assurance Framework (BGAF)
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1. Overview

- 1.1. This paper updates the Trust on progress on the FT programme over recent months. It does this by reviewing information and action relevant to the DH and emerging NHS Trust Development Agency (TDA) responsible for the FT pipeline, Monitor and its domains of assurance of FT readiness (sections 4 -12).

2. Department of Health/NHS Trust Development Authority.

- 2.1. The TDA (NHS Trust Development Authority) has been established with David Flory appointed as Chief Executive and Sir Peter Carr as Chair.
- 2.2. The interim Chair and FT Director attended an introductory event with both on 29th June 2012 where they heard that the TDA is a special Health Authority that is taking on the
- functions of the Appointments Commission from October 2012
 - responsibility of the FT pipeline, support for aspirant FTs and the FT application process by April 2013
 - performance management function of NHS Trusts following on from SHAs

Key messages included

- close working with SHAs to ensure effective transition whilst working in partnership with NHS provider trust based on 'your success is our success'
 - building on the recent work in the DH to secure TFAs (Tripartite Formal Agreements) for all aspirant FTs
 - the TDA is prepared to make tough decisions and act with pace and purpose particularly with regard to those Trusts who will not become FTs
 - the significance of the learning from Mid Staffs and how that impacts on aspirant FTs. The Francis report is due to report to the Secretary of State in mid October 2012
- 2.3. Trusts continue to be expected to become FTs whilst there is more flexibility about when than originally proposed by government. AWP continues to work toward FT status in 2013/14 following the delay resulting from
- SHA publication of two homicide inquiries in November 2011 relating to incidents that took place in Swindon 2007
 - and the subsequent SHA commissioned independent review of governance and management arrangements in the Trust.

The report and findings of this review, and the Trust response to it (Fit for the Future implementation plan), is the subject of a separate paper to the Board.

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As a result the Trust missed its key TFA milestone for DH entry to the FT pipeline in December 2011 receiving consecutive red RAG ratings. This requires action within the DH escalation policy for aspirant FTs.

- 2.4. The terms of the DH escalation policy were reported to Board in March 28th 2012 FT Board report.
- 2.5. A stage 1 escalation meeting took place on 31st May 2012 led by Matthew Kershaw - DH Director of Provider Delivery - and attended by the Acting Chief Executive and FT Director on behalf of the Trust.
- 2.6. The letter and notes of the escalation meeting, dated 3rd July 2012, are attached as Appendix 3. They confirm the following for action by the Trust
 - Board leadership - and appointment to substantive Executive and non Executive posts
 - Management style and culture
 - Improved clinical engagement in decision making
 - Poor commissioner and stakeholder relationships
- 2.7. It proposes a second escalation meeting in September 2012 with Sir David Flory and Sir Ian Carruthers to report on action taken. At that time a revised TFA will be brought forward to be agreed with commissioners and the SHA. TFA milestones will include a new DH entry date to the FT pipeline.

3. Monitor

- 3.1. Monitor continues to work to establish its new role as the health care sector regulator of NHS funded services in April 2013. In the short term it will also continue to authorise Foundation NHS Trusts until the FT pipeline is cleared or other action taken for those Trusts who will not be FTs. There are over 90 NHS Trusts still in the FT pipeline.
- 3.2. The FT Director has been invited to, and involved in, a number of FTN and Monitor sponsored workshops, and a simulation event, to help develop impact analysis, guidance and secondary legislation to support this transition for Monitor.
- 3.3. Monitors new role is primarily as a sector regulator to:
 - develop better pricing
 - oversee competition and enable integrated care to ensure care is centred around patients
 - and ensure continuity of services
- 3.4. Key strategic issues emerging for FTs, and aspirant FTs, include

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- **Strategic oversight and system management on a regional basis.**

Monitor has a role around any distress or failure regime, where commissioners have not previously resolved matters - with the National Commissioning Board, and its local offices, setting commissioning priorities. However it is not yet clear how strategic oversight and leadership will be delivered across the system.

- **Impact of designated services and the stability of local systems**

Some aspects of existing NHS service provision will be designated as commissioner requested services (CRS). In the first instance commissioners will allocate these to existing NHS providers. CRS services come with additional regulatory burden and costs, must contribute to and can access a risk pool and CRS status can negatively impact on Trust credit and risk ratings depending on profitability and viability.

- **Transition, costs and responsibilities of Monitor license conditions**

There will be a significant step change in the way in which NHS Trusts operate with legal duties including the provision of information to Monitor, the public and patients; operate within national pricing structures or seek permission from Monitor to operate a local tariff in exceptional circumstances; observe European and national competition regulation and guidance (OFT - Office of Fair Trade, and Monopolies and Merger Commission).

Detailed guidance from Monitor on its proposed license condition is expected at the end of July for consultation.

3.5. The assessment activity undertaken by Monitor when authorising an NHS Trust as a Foundation Trust has been strengthened by

- requiring interviews with a cross section of staff in the period of site visits
- introduction of the Board Governance Assurance Framework (BGAF) self assessment and subsequent independent evaluation process prior to referral to Monitor. Appendix 4 provides a short briefing from the FT office on the BGAF.
- proposals for Monitor to require the commissioning of external reviews into aspirant FTs on service performance and governance where there is insufficient evidence to support FT authorisation to Trusts
- increased certification from a Board that they have supplied all relevant information to Monitor in their submissions.

These latter two points are a result of recent learning from Morecombe Bay NHS FT and are subject to consultation until 5th September 2012. The consultation document can be down loaded from <http://www.monitor-nhsft.gov.uk/sites/default/files/Assessment%20Consultation%20-%20July%2012.pdf> .The FT office is co-ordinating a Trust response to this consultation document.

4. Progress: the Trust is legally constituted

- 4.1. As a result of the Health and Social Care Act 2012 being passed, changes will be required of the Trust constitution as well as changes in the external environment that precludes nominated governors from PCTs post their abolition in April 2013.
- 4.2. In addition, it is likely that the SHA will seek a second public consultation on the constitution, shape and make up of member and governor constituencies. This was last undertaken in 2009 and is the outcome is the current basis upon which the membership of the Trust is built.
- 4.3. Currently it is understood that Monitor will take up a role to support, develop and train governors from 2014 to 2016, at which point Governors will take on the role of fully holding the Trust to account at the local level and that Monitor delivers currently delivers through its compliance framework.

5. Progress: The Trust has a representative membership

- 5.1. Membership figures at the 27th June 2012 have increased to 16,636. There are 11,661 public members and 1,597 patient members (service users and carers) - of which 617 are carers. The remaining 3,378 members are staff members.
- 5.2. Appendix 1 and 2 shows more detail and reports a continued change in the representation of men in the membership of the Trust with a closing gap in representation. This is a result of targeted membership recruitment in recent months.
- 5.3. The gap in socio economic group D and E has also changed and is now within Monitor representation guidelines - indicated by a green rating. This is as a result of a change in database contractor who is using ONS (Office of National Statistics data which is updated annually) as opposed to census data from 2001.
- 5.4. The Trust Board set its annual membership target of 16,500 members broadly representative members in for 2012/13 and is delivering to target.
- 5.5. **Membership Recruitment:** Ongoing targeted recruitment of men as members took place in Bristol and Chippenham in the last month.

5.6. **Membership Engagement:** Over a thousand Bristol based members were invited to participate in a recent service redesign event and the last quarterly membership event took place in Chippenham on May 2012. It focused on community services with a mix of speakers and workshops. It was well attended by over 70 members. The Interim Chair and Acting Chief Executive made key note addresses and spent the afternoon with members. The next membership meeting is scheduled for August 2012. In addition a public member has joined, and been active in the panel to shortlist and judge staff awards this year for the first time.

6. Progress: The Trust has a 5 year Business Strategy

- 6.1. The Trust IBP was agreed by Board in August 2011. An annual operating plan was agreed in March 2012, and each Strategic Business Unit has developed their Business Plan for 2012/13.
- 6.2. The annual business planning cycle is subject to a high level review led by the Acting Director of Finance and Commerce, and the Trust has also recently reviewed its strategic objectives. This will inform a further review and rewrite of the IBP prior to entry to the DH.
- 6.3. It has been confirmed by the SHA that there is little or no flexibility on the contents, structure and requirements of the IBP.
- 6.4. Work is underway to strengthen the Trust marketing and commercial capability and capacity to further develop the Trust's approach to business development.

7. Progress: The Trust is Financially Viable

- 7.1. The Trust Board continues to monitor its finances closely at each Board and anticipates meeting its control total for 2012/13 as planned.
- 7.2. An Acting Director of Finance and Commerce has been appointed and is in post following the appointment of the substantive post holder as Acting Chief Executive.
- 7.3. As part of the annual review of Committees the Finance and Commerce Committee has been refocused upon Finance and Planning - including performance. It will also return to the scrutiny function for Trust cash improvement and modernisation plans following the closure of the Improvement and Modernisation Programme Board in late May 2012.

8. Progress: The Trust has appropriate Board capability and capacity

- 8.1. The Trust Board has undergone a period of change with the resignation of the Chair in April 2012 and the retirement of the Chief Executive in June 2012. The Vice Chair has taken over as the interim Chair and the Deputy Chief Executive appointed as Acting Chief Executive pending recruitment.

- 8.2. In addition, the Medical Director and Executive Director of Strategy and Business Development retired in April 2012 but has returned on a short term contract pending his replacement. In addition a new Non Executive Director joined the Board in March 2012.
- 8.3. The successful recruitment of a substantive Chair has been underway through May and June and at the time of writing an announcement is pending. The recruitment process for a Medical Director is underway with interviews due in August 2012. This will be strengthened Medical Director post giving more time and focus to medical engagement and leadership in the Trust.
- 8.4. The recruitment process for a substantive Chief Executive and Director of Operations are also underway with the appointment of a recruitment consultancy. Both appointments are expected in the early autumn.
- 8.5. In addition, work is underway to start the Board self assessment of the Board Governance Assurance Framework (BGAF). This is a DH tool to support the development of the Board and governance in the Trust. This is being extended to include the 3 development modules on organisational strategy and values, finance and quality governance. It will be followed by an independent evaluation of the Boards self assessment and its related evidence base.
- 8.6. Please see Appendix 4 for a more detailed briefing on the BGAF and how it works.
- 8.7. The BGAF framework itself can be found at the following link:
http://www.dh.gov.uk/en/Publicationsandstatistics/Publications/PublicationsPolicyAndGuidance/DH_131547

9. Progress: The Trust has appropriate governance arrangements in place

- 9.1. The Board has received and accepted the Due Diligence report on the Independent Review on governance and management arrangements in the Trust at its April 27th Board meeting. An implementation plan (Fit for the Future) has been developed to respond this report and its recommendations. It is covered by a separate report to the Trust Board.
- 9.2. The two advisory internal audits on the Monitor Code of Governance and Monitor Compliance Framework 2011/12 have been completed and draft audit reports submitted to the FT Director and Company Secretary for comment. The audits and any required action plans are due to be submitted to the September 2012 Audit and Risk Committee. These audits - along with the BGAF self assessment - will provide a robust basis for action to further strengthen and improve clinical and corporate governance in the Trust.
- 9.3. As a result of the annual review of Board Committees the terms of reference for each committee have been refreshed. A new committee has been established focusing on workforce strategy and employee engagement.

10. Progress: Service Performance

- 10.1. Work continues with some success to drive improved performance against Monitor and contractual targets. The FED (facilitated early discharge) target remains suspended with the agreement of commissioners following the independent review of governance and management arrangements in the Trust.
- 10.2. An internal KPI Review group has been established with clinicians in the Trust to review how performance metrics are measured and calibrated within the Trust. Proposals for change were submitted to the July Mental Health Directors of Commissioning meeting on the 'how' rather than the 'what' we measure in order to facilitate metrics that are more intuitive and clinically appropriate in the future. Commissioners are expected to respond to the proposals for the end of July 2012.
- 10.3. The Monitor dashboard continues to show a range of green indicators with the exception of the long standing moderate concern rating from the CQC inspection in the Lansdown Unit for people with learning disabilities where a site relocation is required and planned. Action is underway to mitigate the environment impacts on patient care prior to relocation, and the CQC have been invited back to review progress on this.

11. Progress: Quality Governance

- 11.1. Key action areas related to quality governance and the outcome of the recent SHA Quality Review have been cross referenced where appropriate into the Trust response to the report and findings of the independent review of governance and management arrangements - the Fit for the Future Implementation Plan.
- 11.2. Some pending actions from the SHA Quality Review have been built in to the Fit for the Future implementation plan which addresses quality governance in a number of ways including
 - Medical Director job description now includes Executive responsibility for controlled drugs
 - Placing a standard statement in all staff job descriptions on improving the patient experience and involving users and carers
 - Developing a Trust wide clinical engagement strategy and strengthening the Professional Council on a Clinical Cabinet model
 - Reviewing and improving the application and practice of the Care Programme Approach (CPA)
 - Implementing electronic web reporting of incidents

- 11.3. The executive team has recently taken the decision to delay its CNST Level 2 assessment (policy into practice) in favour of continuation of CNST Level 1 (policy is in place)- given concerns about operational workload.
- 11.4. The Trusts continues to be part of regular reviews of its 19 registered sites by the CQC. This is currently focussed on the Trust community service provision with in depth scrutiny and visits to 11 teams.

12. Progress: Local Health Economy issues and external relationships

- 12.1. Local area arrangements have been reviewed and strengthened providing a named single senior Service Director point of management contact for each PCT/LA area. This has been in place since May 2012. It fits alongside the earlier decision to appoint a local area manager for each PCT/LA area which is in place and operational in all areas. This alongside the phased implementation of the Primary Care Liaison Service is serving to improve relationships at the local level.
- 12.2. A steering group has been set up - involving users, carers, SBUs and a NED - to over see the delivery of an Action Plan to implement the recommendations of the independent report on service user involvement in the Trust (NSUNs) as well as some additional activity responding to NED analysis and carers perspectives.
- 12.3. Implementation of the action plan is underway and has delivered a new approach to user and carer involvement in Board business with clinical staff, user and Carers attending Boards which now rotate around clinical sites. The steering group has become a sub-committee of the Quality and Safety Committee who scrutinise its progress escalating issues to the board as required.

13. Recommendations

- 13.1. The Board is asked to note the report.

14. Report Author

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Additional Report Contributors

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