

Trust Board Meeting: Wednesday 12 November 2014
TB2014.127

Title	Update on Foundation Trust Application
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Status	For information.
History	Regular updates to the Board.

Board Lead(s)	Andrew Stevens, Director of Planning and Information			
Key purpose	Strategy	Assurance	Policy	Performance

Executive Summary

1. This paper provides an update on the Trust's application for authorisation as an NHS Foundation Trust (FT).
2. It explains that the NHS Trust Development Authority has referred the Trust's application for assessment by Monitor, the NHS regulator, and that this assessment is expected to start in November.
3. A timetable for elections to the Council of Governors is provided and an update given on amendment to the national Model Election Rules which enables electronic voting.
4. Updates to the Trust's Integrated Business Plan are described and information given about its availability online. The updated Integrated Business Plan was signed off by an extraordinary meeting of the Trust Board held on the 22 October 2014 specifically for this purpose.
5. Re-scoring of the Trust's Quality Governance arrangements by Monitor is described and a summary given of expected areas of focus before January 2015's Board meeting.
6. The risk of operational performance not meeting the threshold set by Monitor for FT applicants is discussed.
7. Information is given on progress in recruiting public members.

Recommendations

8. The Board is asked to:
 - 8.1. **Note** the referral of the Trust's FT application to Monitor and the start of the full assessment by Monitor.
 - 8.2. **Agree** the amendment of the Trust's draft Constitution to include new Model Electoral Rules which enable electronic voting and **note** the timetable to establish a Council of Governors.
 - 8.3. **Note** the Quality Governance Framework score made by Monitor and **agree** that actions be followed up by the Quality Committee and progress reported to the Board in January 2015.
 - 8.4. **Note** the risk posed by the Trust not meeting the access and outcomes threshold set for FT applicants by Monitor and a recommendation from the FT Programme Board that the Board monitors progress against a plan to return to compliance.
 - 8.5. **Note** continued progress on recruiting public members of the Trust.

Foundation Trust update

1. Purpose

- 1.1. This paper provides an update on progress in the Trust's application for authorisation as a NHS Foundation Trust (FT).

2. NHS Trust Development Authority assessment

- 2.1. At its meeting on 18 September 2014, the NHS TDA's Board agreed to refer Oxford University Hospital's application to Monitor for assessment.
- 2.2. In accordance with Monitor's *Guide for Applicants*, the Trust submitted its existing Integrated Business Plan to Monitor to initiate the Monitor stage of assessment.
- 2.3. Until Monitor's decision to authorise OUH as a foundation trust, the Trust remains accountable to the NHS TDA and will continue to hold monthly meetings with the NHS TDA to review progress and performance on quality, national access and outcomes standards and sustainability.
- 2.4. In considering the application, the NHS TDA recognised good progress made by the Trust on delivering against access standards during the previous three months. Its Chief Executive, David Flory, wrote that:

“it will be vital that the momentum of this improvement is maintained in order to meet fully the key quality standards in the TDA Accountability Framework and to ensure continued compliance with the Monitor terms of authorisation.”

3. Monitor assessment

- 3.1. Following a telephone call in late October between Monitor's assessment lead and the Trust's Chief Executive, the Monitor stage of assessment is expected to begin in early November.
- 3.2. It is anticipated that this will be intensive, with completion as soon as possible to allow a 'stock take' meeting to take place with the Trust in the early weeks after Christmas to determine a timetable for authorisation of OUH as a foundation trust. This meeting can be expected to focus on three main areas:
 - 3.2.1. Progress made following the Quality Governance Framework assessment.
 - 3.2.2. Delivery of operational progress by the Trust.
 - 3.2.3. Findings from the full assessment and any further action needed before authorisation.

4. Forming a Council of Governors

- 4.1. Having entered the Monitor phase of assessment, OUH must establish the Council of Governors that it will need in order to function as a foundation trust. The Council of Governors needs to be ready to operate from the day of authorisation.

- 4.2. The membership and operation of the Council of Governors are covered by the draft Constitution, agreed most recently by the Board at its meeting in January 2014. Section 12 of the draft Constitution also specifies that elections to the Council of Governors should be carried out in accordance with nationally-published Model Election Rules.
- 4.3. During September 2014, revised Model Election Rules were published. These allow electronic voting, a method which the Trust's electoral services provider, UK-Engage, is able to provide. The Trust's elections to its Council of Governors will not be the first by a NHS Foundation Trust to use electronic voting, as this has already been piloted, but OUH will be the first applicant foundation trust to provide this option to its members.
- 4.4. It is expected that the availability of electronic voting will make it easier for members to vote and will support turnout.
- 4.5. Amendment to Annex 4 is not believed to need an further letter of compliance from the Trust's solicitors, as most recently obtained in March 2014, and Monitor have been advised of the anticipated approach.
- 4.6. Annex 4 of the draft Constitution has been amended to refer to the revised Model Election Rules. The Board is asked to **agree** this amendment.
- 4.7. A timetable for elections has been publicised, with key dates as below.

Event	Date
Notice of Election	Monday 1 December 2014
Deadline for Receipt of Nominations	Monday 12 January 2015
Publication of Statement of Nominations	Tuesday 13 January 2015
Deadline for Candidate Withdrawals	Thursday 15 January 2015
Notice of Poll/Issue of Ballot Packs	Tuesday 27 January 2015
Close of Poll – 5pm	Thursday 19 February 2015
Declaration of Result	Friday 20 February 2015

- 4.8. This timetable will be sent to public members with copies of *OUH News* and by email to those members for whom email addresses are held. It will be included with briefings for staff.
- 4.9. Formal notification of the start of the electoral process will be sent to public members by letter or email at the end of November and to staff by means of an attachment with November payslips.
- 4.10. Workshops were held during October in Oxford and Banbury for around 50 public or staff members who were interested in finding out more about standing for election as one of the 21 public or staff governors. These followed workshops held during 2013 in which 120 members took part.
- 4.11. Invitations to nominate governors have been sent to relevant organisations and four (of eight) have provided nominations.

4.12. The names of the people who will form the Trust's Council of Governors should be known on 20 February 2015 and an induction programme will follow. The Foundation Trust Programme Board will consider proposals for this at its November meeting.

5. Updated Integrated Business Plan (IBP) and Long Term Financial Model (LTFM)

5.1. As reported to the Board in July and at subsequent seminars, the Trust's LTFM has been updated to include trading results from Month 5 (August 2014) and related updates have been made to the IBP.

5.2. The Trust's strategy and objectives remain unchanged.

5.3. Primary changes to the IBP are to the Trust's financial baseline, to operational performance (to reflect the reported position for August or September 2014, whichever is the latest available), to risks (reflecting an updated Corporate Risk Register) and to the resulting Downside case and mitigating actions.

5.4. At its Part 2 meeting on 22 October, the Board agreed an updated IBP, subject to a number of amendments. These were made as far as possible and the resulting IBP was submitted to Monitor on 30 October.

5.5. The October 2014 IBP is available on the Trust's website via www.ouh.nhs.uk/ft

5.6. The Board is asked to **ratify and adopt** this October 2014 IBP. See later question

6. Quality Governance Framework assessment by Monitor

6.1. Monitor's observation of the Quality Committee on 8 October completed on site meetings as part of the regulator's assessment of the Trust's quality governance arrangements.

6.2. During meetings over five weeks, members of Monitor's team spoke with the Chairman, the Chairs of the Audit Committee and Quality Committee, the Chief Executive and several Executive Directors, and with all Divisional Directors and members of Divisional Executive teams.

6.3. 83 information requests were responded to as part of the assessment.

6.4. A telephone call with the Chief Executive in late October confirmed that Monitor had identified areas of good practice but had given a higher (less positive) score to some areas of the Quality Governance Framework than the Trust's self-assessment, as audited by Internal Auditors KPMG earlier in 2014. The scoring is shown in Appendix 1.

6.5. The total score of 4.5 is above the maximum allowed for authorisation, but it appears possible to reduce this score by January 2015. Monitor's *Guide for Applicants* specifies that trusts must have a quality governance score of less than 4 with an overriding rule that none of the four categories of the *Quality Governance Framework* are entirely amber-red rated.

6.6. Four areas were highlighted, in all of which there were opportunities to make positive change in the next few months:

6.6.1. Processes for escalating quality issues (QGF question 3B)

- 6.6.2. Clarifying quality goals and their monitoring through a 'refresh' of the Quality Strategy (Question 1A)
- 6.6.3. Accountability for and assurance on the quality impact of cost improvement schemes (Question 1B)
- 6.6.4. Control measures on the accuracy of quality data, including waiting list data (Question 4B)
- 6.7. Monitor are also expected to work with OUH on its longer term plans for staff engagement, recognising that there are many initiatives under way to promote this and that it is an issue for the NHS as a whole.
- 6.8. Written feedback is awaited and it is proposed that the Quality Committee agrees actions in response at its meeting in 10 December and makes any necessary proposals to the Board at its January 2015 meeting.
- 6.9. The Board is asked to **note** the QGF score made by Monitor and **agree** that actions will be followed up by the Quality Committee and progress reported to the Board in January.

7. Performance against access and outcomes standards

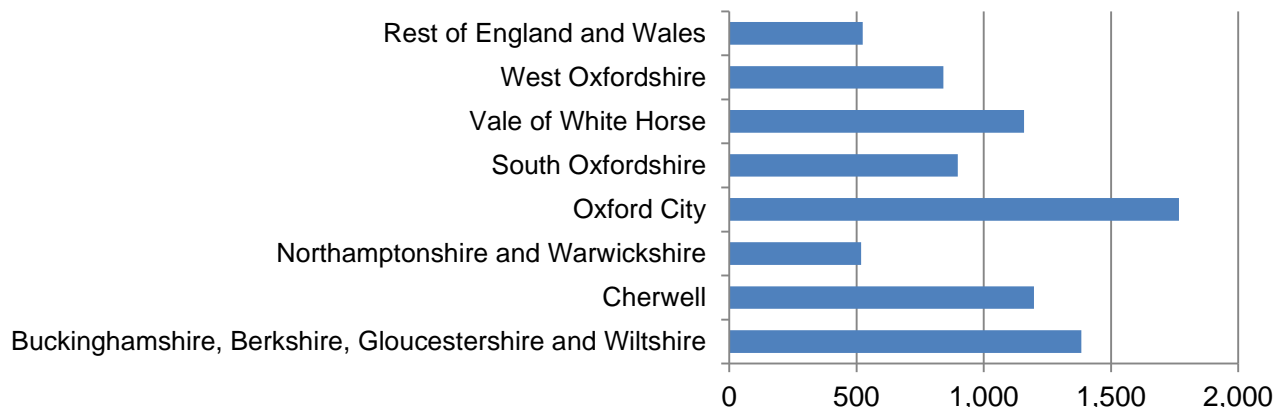
- 7.1. Monitor's Risk Assessment Framework replaced previous requirements for FTs and FT applicants during 2013/14 and was considered by the Board in December 2013.
- 7.2. Monitor's rules for foundation trust applicants, set out in the regulator's Guide for Applicants, require that applicant trusts fail to meet no more than three key access standards per quarter. This is consistent with its expectations for authorised FTs: "NHS foundation trusts failing to meet at least four of these requirements at any given time, or failing the same requirement for at least three quarters, will trigger a governance concern, potentially leading to investigation and enforcement action."
- 7.3. OUH breached the access and outcomes standards set by Monitor for FT authorisation during Quarters 1 and 2 of 2014/15.
- 7.4. At its meeting in October, the FT Programme Board agreed that the most significant single risk to OUH's authorisation continued to be the Trust's not meeting the access and outcomes threshold set for FT applicants by Monitor, and that this risk had increased during Quarter 2 of 2014/15. The Programme Board agreed that the most important mitigation of this as a risk to authorisation was the Trust Board's monitoring progress against an agreed plan.
- 7.5. The Board is asked to **note** this risk and the recommended mitigating action.

8. Membership recruitment

- 8.1. Alongside continuing activities to recruit public members, recruitment amongst patients and visitors was carried out in September and early October by Membership Engagement Services.
- 8.2. As at 14 October, public membership was 8,302, broken down by constituency as shown below. This is above the total aimed for at the point of authorisation in the Trust's Membership Strategy.

8.3. Recruitment continues in accordance with the Membership Strategy and the associated action plan, agreed in January and reported upon in September 2014.

OUH public membership by constituency, October 2014



9. Recommendations

The Board is asked to:

- 9.1. **Note** the referral of the Trust's FT application to Monitor and the anticipated start of the full assessment by Monitor (sections 2-3 above).
- 9.2. **Agree** the amendment of the Trust's draft Constitution to include new Model Electoral Rules and **note** the timetable to establish a Council of Governors (section 4).
- 9.3. **Note** the Quality Governance Framework score made by Monitor and **agree** that actions will be followed up by the Quality Committee and progress reported to the Board in January (section 6).
- 9.4. **Note** the risk posed by the Trust not meeting the access and outcomes threshold set for FT applicants by Monitor and a recommendation from the FT Programme Board that the Board monitors progress against a plan to return to compliance (section 7).
- 9.5. **Note** progress on recruiting public members of the Trust (section 8).

Andrew Stevens
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November 2014

Monitor's Quality Governance Framework question		OUH self-assessment score May 2014	KPMG score May 2014	Monitor score October 2014
1A	Does quality drive the Trust's strategy?	0	0	0.5
1B	Is the Board sufficiently aware of potential risks to quality?	0	0	0.5
2A	Does the Board have the necessary leadership, skills and knowledge to ensure delivery of the quality agenda?	0	0	0
2B	Does the Board promote a quality focussed culture throughout the Trust?	0	0.5	0.5
3A	Are there clear roles and accountabilities in relation to Quality Governance?	0	0	0.5
3B	Are there clearly defined, well understood processes for escalating and resolving issues and managing quality performance?	0.5	0.5	1
3C	Does the Board actively engage patients, staff and other stakeholders regarding quality?	0	0	0.5
4A	Is appropriate quality information being analysed and challenged?	0.5	0.5	0
4B	Is the Board assured of the robustness of the quality information?	0.5	0	0.5
4C	Is information used effectively?	0.5	0.5	0.5
Total		2	2	4.5