

**Trust Board Meeting: Wednesday 8 July 2015**  
**TB2015.88**

<b>Title</b>	<b>Foundation Trust Application</b>
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<b>Status</b>	For information and decision.
<b>History</b>	Regular updates to the Board, most recently TB2015.57.

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

## Executive Summary

1. This paper provides an update on the Trust's application for authorisation as an NHS Foundation Trust (FT).
1. It summarises progress with Monitor's assessment of the Trust's readiness to operate as a FT. It also provides an update on the Council of Governors and work with Monitor on access and outcomes and financial plans.
2. The required documents to complete the Trust's FT application are described and a recommendation made that a statement on quality governance be signed on the Board's behalf.
3. Confirmation is given that the Trust is ready to proceed to authorisation, subject to the agreement of the necessary Board financial statement and memorandum and Independent Accountants' reports which form a separate paper to its 8 July meeting.

## Recommendations

4. The Board is asked to **note** progress and **agree** that the Board statement on quality governance be signed on its behalf by the Chief Executive.

## 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. Monitor assessment

- 2.1. Monitor's assessment of the Trust re-started on 5 May. The anticipated timetable set out by their Executive Director of Provider Appraisal, Miranda Carter, in February was that that Monitor:

“expect to start our next phase of work with you towards the end of April 2015, assuming that a score of 3.0 in Q4 2014/15 is evidenced and progress has been made on [action plans]. We will first undertake work on the Trust's finances and strategy, then update our work on quality governance and access and outcomes in May and June 2015. This would allow for a Board to Board meeting late in June 2015, two months from the commencement of our work and a potential authorisation date of 1 August 2015.”

- 2.2. Voting members of the Board and the Director of Planning and Information will meet members of Monitor's Board on 15 July. Following this, a decision is anticipated to be made by Monitor's Board on 29 July or, if further work is needed, on 25 September.

- 2.3. Meetings or calls have taken place with most members of the Board and some senior managers, with some of its governors, with the Trust's incoming Chief Executive, with the Trust's lead commissioners and with its internal and external auditors. A focus group with clinical staff on 6 May will follow up on discussions held with clinical staff in September 2014. A call will take place in early July between Monitor, the Care Quality Commission and the NHS Trust Development Authority to check that both bodies continue to support the Trust's application to be a foundation trust.

- 2.4. Monitor's assessment team have examined many areas of the Trust's work and its preparation to operate as a foundation trust in this phase of assessment. These have included:

- 2.4.1. Progress made on each area of the Quality Governance Framework since November, with:

- a particular focus on incident reporting and the investigation of and learning and changes in practice from Serious Incidents Requiring Investigation and Never Events; and
- examination of changes made to committees and plans for clinical audit, education and training, data quality review, use of benchmarking and the use of staff feedback.

- 2.4.2. Quality plans and reporting at Divisional and Trust level and the flow of information through committees.

- 2.4.3. Risk registers at Divisional level (including the calibration of risks at Divisional level).

- 2.4.4. The Trust's draft Constitution, consultation held on its FT application, its membership strategy and election of its governors.
  - 2.4.5. The induction of governors and plans to start involving governors in Trust plans and strategies.
  - 2.4.6. The Cost Improvement Programme, examining how quality and financial impacts are assessed and reported and risks managed, how decisions are made, and how service transformation schemes are developing.
  - 2.4.7. Plans for income and risks to future income, including the impact of tariff changes.
  - 2.4.8. Strategic planning, contracts with commissioners and the Trust's Alliance programme.
  - 2.4.9. Plans and actions to achieve the remaining access and outcomes standards (see below).
  - 2.4.10. Internal audit and counter-fraud work.
  - 2.4.11. The work of the Board's Audit, Finance & Performance and Quality Committees.
- 2.5. At the time of writing, responses had been made to 117 general information requests and 85 financial information requests in this phase of assessment.

### **3. Council of Governors**

- 3.1. A forward programme of meetings has been developed for the Council of Governors. Prior to authorisation, this includes a preparatory session for the constitutional business which the Council will need to conduct at its first formal meeting in the weeks after authorisation. This business will include formal agreement to the carrying forward of arrangements for the Board of Directors.
- 3.2. Dates have been set for formal meetings of the Council of Governors in October 2014 and January, April and July 2015, subject to authorisation. Following authorisation, these will be publicised as meetings to be held in public.
- 3.3. The Council of Governors is also to have series of seminars to enable governors to prepare for the work they will be carrying out with the Trust after authorisation. A first seminar in July will look at the Trust's current strategy and how governors could best be involved in its development in the coming year.

### **4. Access and Outcomes**

- 4.1. With information on access and outcomes standards as reported to the Board in its Integrated Performance Report, confirmation was provided to Monitor that in Quarter 4 of 2014/15, three standards in the access and outcomes framework were not met, in accordance with plans provided to the regulator in December 2014 and reflecting agreements with commissioners and the NHS Trust Development Authority:
  - 4.1.1. Maximum time of 18 weeks from point of referral to treatment in aggregate – admitted pathways

- 4.1.2. A&E: maximum waiting time of four hours from arrival to admission/ transfer/ discharge
- 4.1.3. All cancers: 62-day wait for first treatment from urgent GP referral for suspected cancer
- 4.2. Under Monitor's Risk Assessment Framework, this generated a score of 3.0 for Quarter 4 of 2014/15.
- 4.3. Performance has since been in line with (or ahead of) the improvement trajectories agreed by the Board in May.
- 4.4. Monitor conducted a 'walkthrough' of the emergency care pathway at the John Radcliffe on 9 June, visiting the Emergency Department, Emergency Assessment Unit, Surgical Emergency Unit and short stay ward and Ward 7B. The visiting team, including an expert in service improvement, noted that it had been clear that the plans agreed by the Trust and described to Monitor had been carried out and that a great deal of change had been completed to the extent that it was now recognised as normal practice.
- 4.5. Positive observations were made about assessment, triage and ambulatory care, the development of nursing staff, the use of therapists in EAU and ED, good use of processes and a strong sense that those working on providing emergency care across departments and services were working together with a clear, shared sense of purpose.
- 4.6. Suggestions were made about the potential for improving awareness of when diagnostic tests would be carried out for patients on the emergency care pathway, considering how best to make emergency theatre capacity available at peak times, considering having Trust staff carry out patient assessments for transfer to nursing homes, and having a common internal professional standard for social workers on all wards to work to.

## 5. Long Term Financial Model

- 5.1. As reported to the Board in May, an updated Long Term Financial Model and Integrated Business Plan were submitted to Monitor on 23 April.
- 5.2. Monitor's assessment has led to the development of an 'Assessor Case' that the regulator will use to test the Trust's ability to deliver its financial objectives over the next five years. It has also developed a Downside Case which includes financially adverse effects on the Trust's plans. OUH has responded with proposed plans to mitigate these downside risks, following the approach set out in the plans submitted to Monitor in April (Paper [TB2015.57a](#)).
- 5.3. The Board's paper at this meeting on the Board memorandum set out details of the anticipated results of this exercise, informed by work conducted by Independent Accountants Deloitte LLP.
- 5.4. Another key development set out in the Board memorandum has been a changed approach since April to support for the Trust's liquidity in the event of the Downside taking place. A commercial loan to enable the Trust to sustain delivery of Monitor's liquidity standard had previously been modelled, but the Trust did not wish to incur the cost of such a loan when its cash position was strong and its being needed would require a significant worsening of the Trust's financial position in the short

term. An alternative approach having been recommended following discussion with Monitor and the NHS TDA, a Working Capital Facility has been applied for from the Department of Health's Independent Trust Financing Facility (ITFF).

## 6. Completing the Trust's FT application

- 6.1. A set of documents are required by Monitor prior to authorisation. Some have been agreed by the Board already, some will have been discussed by the Board at its 8 July meeting, and some remain for agreement. These are as follows.

Area	Requirement	Status
Quality Governance	Board statement and memorandum	The quality governance memorandum formed part of an update on the quality Governance Framework agreed by the Board in May ( <a href="#">TB2015.61</a> ). A Board statement following Monitor's template is attached as Appendix 1 for agreement by the Board and signature by the Chief Executive.
Governance	Statement of changes made to the Trust's governance since Stage 1 of the assessment.	A statement of changes made, reflecting information sent to Monitor, is included as Appendix 2 for agreement by the Board and signature by the Chief Executive.
Finance	Board statement and memorandum	Board statement and Board Memorandum for consideration by the Board's 8 July meeting.
	Stage 3 opinions by Independent Accountants on Working Capital and Financial Reporting Procedures	Reports from Deloitte LLP for consideration by the Board at its 8 July meeting.
Risk and performance management and Board roles, structures and capacity	Self-certification and supporting evidence. Statement of its agreement by the Board, signed by the Chairman.	This 'self-certification of organisational capacity' was agreed by the Board at its May meeting (paper <a href="#">TB2015.60</a> ). A statement to this effect was sent to Monitor by the Chairman on 24 June and is attached as Appendix 3.
Letter of Representation	A letter of representation, signed by the Trust Board, which certifies that the Trust has provided all relevant information to Monitor in its submissions. A minute to demonstrate that the Board has agreed this.	A letter of representation forms a separate paper to the Board's 8 July meeting.

- 6.2. Having considered progress on the Quality Governance Framework in May and having received further information in reports to its 8 July meeting, the Board is asked to agree that the Chief Executive can sign the board statement on quality governance on its behalf.
- 6.3. The Board is also asked to review the attached statement about governance arrangements and agree that the Chief Executive can sign it on the Board's behalf.

## 7. Concluding the assessment

- 7.1. Following the Board to Board meeting on 15 July, Monitor will make a decision on the Trust's FT application based on its readiness to operate as a foundation trust and informed by:
  - 7.1.1. A report from the assessment team on results of the assessment process, including assessment of quality governance arrangements, plans to meet access and outcomes standards and financial sustainability;
  - 7.1.2. Confirmation that the Trust is ready to operate its Council of Governors;
  - 7.1.3. An assessment by independent accountants of working capital and the Board's statement on this; and
  - 7.1.4. The Board's self-certification on organisational capacity.
- 7.2. Should these elements be in place, any delay to a decision being made by Monitor on 29 July will be due to further information being sought after the Board to Board.
- 7.3. In anticipation of this decision, the Trust stands ready to function as a foundation trust.

## 8. Recommendation

- 8.1. The Board is asked to **note** progress and **agree** that the Board statements on quality governance and governance can be signed on its behalf by the Chief Executive.

**Andrew Stevens**  
**Director of Planning and Information**

Report prepared by:

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**29 June 2015**