Portsmouth Hospitals NHS
NHS Trust

TRUST BOARD PART I – JULY 2012

Agenda Item Number: 108/12
Enclosure Number: (3)

Subject:	Foundation Trust Pipeline Update
Prepared by: **Sponsored & Presented by:**	Brian Courtney – Associate Director Ursula Ward, Chief Executive
Purpose of paper	Discussion requested by Trust Board
Key points for Trust Board members *Briefly summarise in bullet point format the main points and key issues that the Trust Board members should focus on including conclusions and proposals*	The Board is asked to note the: ▪ Latest version of the Integrated Business Plan and Long Term Financial Model submitted to the Strategic Health Authority ▪ Timetable for self certification to begin ▪ Project plan update ▪ Historical Due Diligence Phase 1, update and timetable ▪ Quality Governance Peer Review ▪ Board Governance Assurance Framework update
Options and decisions required *Clearly identify options that are to be considered and any decisions required*	The Board is asked to note, discuss and approve: • The PEST analysis (Annex C) • The SWOT analysis (Annex D) • Risks to delivery of the Strategy of the Trust (Annex E) • Risk Register and Action Plan to the NHS Foundation Trust application (Annex F)
Next steps / future actions: *Clearly identify what will follow the Trust Board's discussion*	Work will continue, as outlined in the paper
Consideration of legal issues (including Equality Impact Assessment)?	Considered and none applicable
Consideration of Public and Patient Involvement and Communications Implications?	Public, patient, staff and stakeholder engagement are a part of the on-going process

Board of Directors: Foundation Trust Pipeline Update
26 July 2012

1. Introduction

1.1 This short paper provides on update on the progress on delivery of the NHS Foundation Trust Pipeline.

2. Integrated Business Plan and Long Term Financial Model

2.1 The latest iterations were submitted to the Strategic Health Authority on 13 July. On the same day the Integrated Business Plan was copied to all Board members. The Board will have noted that this version is cosmetically different from earlier versions and had been updated substantially in relation to Chapters 5, 6, 8 and 9 and the addition of the Executive summary. These latest iterations were also presented at the Senior Management Team meeting 18 July 2012. The Executive summary has been shared with key stakeholders' internally and also key external partners. Please note that both have also been fully shared with our Commissioning colleagues.

2.2 Feedback is expected by 3 August 2012 with the next iteration due in mid September. An updated project plan is being worked up and agreed with the Strategic Health Authority and will be shared shortly with the Board.

2.3 The Board is asked to note that the timeline for production of the final two iterations of the Integrated Business Plan and the Long Term Financial Model become increasingly tight and this will involve tight turnaround times. T he project plan being developed will set these out clearly. The Board should also note that the two chapters which are already noted as requiring further work are Chapter 5 (Service Development Plans) and Chapter 7 (Risk)

Action: The Board is asked to note progress and the area where further work is required

2. Single Operating Model: Self Assessment and Certification

2.1 The Single Operating Model produced by the Department of Health is, as the Board is aware being phased in over the next few months. This is the performance management template that the NHS Trust Development Agency will operate as it takes over performance management of the remaining NHS Trusts from 1 April 2013. In the meantime Strategic Health Authorities are required to operate the model. According to the Single Operating Model all NHS Trusts will need to undertake a self-assessment on a monthly basis. The self assessment covers:

- Board Governance Assurance Framework (BGAF) including development of case studies
- Monitor Quality Governance Framework
- Quality indicator dashboard
- Production of IBPs/LTFMs including initial CIP plans

2.2 The output from the Trust will be to self-certify against the Compliance Framework and submit to the Strategic Health Authority:

- Completed self-assessments against the Board Governance Assurance Framework and the Monitor Quality Governance Framework;
- A clear understanding of the Trusts quality dashboard profile, with action plans to address deficiencies where necessary
- Initial drafts of IBPs/LTFMs including initial CIP plans.

2.3 An action plan will be required by Trusts if they cannot provide evidence on any particular aspect of the self-assessment or self-certification requirements. The Board were taken through a "mock" version of the process at the April Board. Self-Certification is to begin in August. The Board will be taken through a template at the 30 August Board meeting, which will need to be agreed and then signed by the Chairman and the Chief Executive before being submitted to the Strategic Health Authority on 31 August 2012. The self certification process will continue on a monthly basis until the Trust is authorised as an NHS Foundation Trust. A copy of the amended template for self certification is attached at **Annex A.**

Action: The Board is asked to note the timetable and template for self-certification which will feature from the 30 August 2012 Board meeting and every subsequent meeting until authorisation as an NHS Foundation Trust

3. External Assessments

3.1 Again as the Board is aware, the Trust as part of the Foundation Trust pipeline is required to undertake a number of external reviews, these are:

- External Assessment of the Board Governance (KPMG: Starting 26 July 2012)
- Historical Due Diligence (PWC: Starting 20 August 2012)
- External Review of Quality Governance (RSM Tenon: Starting August 2012)

3.2 Undercover of a separate paper the Board Governance Assurance Framework: Self assessment, which the Board has seen previously, is presented for final approval before it is sent to the external assessment team from KPMG. The Company Secretary and the Associate Director of Foundation Trust have compiled the evidence that will be required to support the self assessment.

3.3 In terms of the Historical Due diligence work being led by PWC, this begins with a desk top review of a wide range of documentation, a list of which is attached at **Annex B**. Again this information is being pulled together, with a rigorous quality control scheme in operation. This will be sent to PWC on 20 August. A series of 90 minute interviews is being scheduled for the 3/4/5 September 2012, which will involve all Board members. The draft report will be made available to the Trust on 12 September and a meeting has been arranged for the PWC team to meet with the Chairman and /chief Executive on 13 September 2012, to talk through the findings. An action plan will then be drawn up. The report and subsequent action plan is shared with the Strategic Health Authority and Monitor.

Action: The Board is asked to note the above

4. Foundation Trust Education Programme

4.1 A programme is being developed that will ensure all key individuals are fully up to speed with all aspects of the Trusts FT application. This programme is aimed at :

- Board of Directors
- Chiefs of Service
- General Managers
- Heads of Nursing
- Business Managers
- Heads of Departments

Action: The Board is asked to note the above and await details of the proposed sessions, information packs and aide memoires

5. SWOT/PEST and Risks associated with Delivery of the Strategic Objectives of the Trust, and the overall Foundation Trust Application

5.1 The Board will be aware and has previously discussed the SWOT and PEST analysis which appear in Chapters 4 and 5 of the Integrated Business Plan respectively. Given that a further iteration of the Integrated Business Plan is due in mid-September it was thought timely to review both these key strategic elements to the Plan. Attached **Annex C** is the PEST analysis, and **Annex D** is the SWOT analysis. **Annex E** are the risks identified to the delivery of the strategy of the Trust. Finally attached **Annex F** is a Risk assessment and Action Plan relating to the NHS Foundation Trust Application programme. This needs to be agreed and then fed into the Corporate Risk Register and Board Assurance Framework. The Foundation Trust Risk Register and Action Plan will be reviewed and updated at the Foundation Trust Project Committee on a fortnightly basis.

Action: **The Board is asked to note, discuss and approve:**

- **The PEST analysis (Annex C)**
- **The SWOT analysis (Annex D)**
- **Risks to delivery of the Strategy of the Trust (Annex E)**
- **Risk Register and Action Plan to the NHS Foundation Trust application (Annex F)**

6. Conclusion

6.1 This paper sets out both current progress along the NHS Foundation Trust pipeline and asks the Board to approve a number of key features of the current integrated Business Plan and NHS Foundation Trust work programme.

Brian Courtney
18 July 2012

Annex C

PEST

The table below summarises the Trusts analysis of the political, economic, social and technological environment within which it operates.

Sector	Factor	Implications for the Trust	Planned Responses
Political	New Health and Social Care Act	Multifaceted, in particular creation of GP Clinical Commissioning Consortia and drive to become a Foundation Trust	Effective GP stakeholder engagement Foundation Trust application
	Evolving national policies, priorities & guidelines	Multifaceted – some are Trust-wide, others for particular specialties	Continually keep abreast of changing priorities and incorporate into Trust priorities
	Evolving local policies, priorities & guidelines	Multifaceted – some are Trust-wide, others for particular specialties	Effective political & commissioner engagement strategies then incorporate into Trust priorities
Economic	'Nicholson Challenge' to save £20bn in the NHS and how this influences local commissioning	CIP	Effective CIP programme
	Historic Trust deficit & McKinsey benchmarking analysis	Achieve CIP Grow revenues	Effective CIP programme Effective negotiation with commissioners Move to PBR FT status Elective care strategy
Social	Ageing population	Increased demand on services	Integrated care strategy
	Health deprivation of most local population	Increased demand on services	Integrated care strategy
Technological	Increase in empowerment of service users through web-enabled information portals	More and better informed patient choice	Continually measure and improve quality indicators
	Emerging health care informatics technologies	Opportunity to improve services and reduce costs	Informatics strategy that is flexible enough to take advantage of changing landscape
	New clinical technologies such as robot surgery or EVAR	Opportunity to improve quality and reduce costs	Clinical and operational leadership continually monitor landscape and adopt beneficial technologies early
	New therapies	Opportunity to improve quality and reduce costs	Clinical and operational leadership continually monitor landscape and adopt beneficial therapies early

Annex D

Summary SWOT

Strengths

- Strong leadership in achieving operational improvements and developing the Trust vision through engaged partnership with members, patients, Council of Governors and our clinical staff.
- Provision of specialist tertiary (renal, transplantation and cancer) as well as general acute services also serves as a key competitive advantage.
- Modern PFI facilities serve as high quality sites from which to deliver high quality services.
- Our active and engaged shadow membership (over 10,000 members) indicates the commitment and support of public and staff towards our FT status.
- Clinical outcomes are good and improving
- A reputation as a centre of excellence for training, education both under-graduate and post-graduate
- Operational efficiency

Weaknesses

- Staff engagement, whilst improving, is below where the Trust needs it to be.
- Some clinical and corporate services have not yet delivered the full range of productivity and efficiency requirements.
- Our PFI facilities, while a strength, constrain estate rationalisation opportunities and add to our overall fixed costs.
- The patient experience is not where it needs to be.
- The inability of the heath system to address the demand for unscheduled care threatens our overall performance and puts the Trust under undue pressure,
- Excess capacity across the health system
- Portsmouth and South east Hampshire Sustainability Plan fails to deliver
- Unscheduled Care demand is not checked

Opportunities

- There are income opportunities through patient repatriation in elective care, for example, by increasing referrals from GPs in West Sussex, and Hampshire.
- There is a significant opportunity in growing private patient income after the achievement of Foundation Trust.
- We are working with our emerging commissioners (CCGs) to achieve closer alignment to support the Trust strategy.
- Strong relationship with Portsmouth City Council.
- At this stage, it appears likely that the following services should be in a strong position to grow:
    - Urology
    - Cardiology
    - General surgery
    - Colorectal surgery
    - Orthopaedics and rheumatology
    - Gynaecology
    - Breast cancer
    - Endoscopic mucosal resection
    - Head and neck surgery
    - Renal and kidney transplantation
- A growing reputation as a centre for research and development,

Threats

- The Trust has to deliver £27 million of CIPs in 2012/13 and similar levels in each of the following two years.
- Commissioning intentions indicate downsizing of the acute sector, which if not appropriately managed will impact adversely on the sustainability of some of the services provided by the Trust and threaten the long-term viability of the Trust.
- Payment by Results tariffs for acute care will decrease over time, whilst the cost of providing acute services continues to increase
- The Trust faces significant competition from other NHS providers, as well through the introduction and extension of AQP
- The commissioning landscape is fragmenting with the emergence of CCGs and their inexperience may make contracting more challenging.
- National drivers for centralisation impact adversely on the Trust
- New providers entering the market

Annex E

Key risks to the delivery of the strategy of the Trust

There are a number of key risks facing the Trust, which is set out below.

Risk Category	Risk
Strategic	Failure or delays leading to no/slow benefits realisation from an Integrated Care Organisation structure
	Relationships with evolving commissioners (CCGs) do not develop as planned and jeopardise income for the Trust
	Other providers gain market share from the Trust
	Lack of vision for the health economy and poor partnership working across health economy result in failure of the Sustainability Plan, the delivery of improved services and financial savings (e.g. better front door/back door provision around unscheduled care)
Clinical	Integrated models of care are not planned appropriately and do not deliver the intended clinical outcomes
	Demand management schemes are unsuccessful and increase pressures on acute services
	Failure to deliver services to nationally set standards lead to financial penalties and damage the reputation of the Trust
Operational	Significant service redesign diverts attention from 'business as usual' and delivery of achievement of CIP
	Staff do not have the capacity or capability, or the motivation to deliver significant change
Financial	Failure to deliver CIP plans
	Activity and income transfers to community/primary services leaving Trust with stranded costs
	Loss of market share.
	Poorly planned response to competitive threats (e.g. AQP) leading to unplanned loss of income

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