Action required by the Board of Directors

To **receive** and **note** the Chief Executive's update report and associated attachments.

1 National Developments

There have been a number of national developments since the Board last met in July that I wish to bring to the Board's attention this month due to their potential strategic significance for the Foundation Trust.

1.1 Cabinet Reshuffle

The health ministerial team has been replaced as part of the Prime Minister's recent cabinet reshuffle. Jeremy Hunt MP is now the new Secretary of State for Health, replacing Andrew Lansley. Three new health ministers have been appointed - Dr Daniel Poulter and Anna Soubry (conservative) both Parliamentary under Secretaries of State and liberal Norman Lamb, Minister of State. Earl Howe remains as health minister in the House of Lords and will take the lead on provider development.

It is too early to say whether there will be any change of direction or pace in the reform programme, following the appointment of the new ministerial team.

1.2 Health and Social Care Act 2012 Transition and Implementation

National developments to support implement of the Act which are coming into force this year which the Board needs to be aware of include:

i) Constitution change requirements

Certain aspects of the Act come into effect on 1 October 2012 which affect the constitutions of all Foundation Trusts (FTs). As it currently remains Monitor's duty to approve constitution amendments, they have instructed FTs to make the relevant changes to their constitutions and submit these to their respective Monitor relationship manager for approval as soon as possible, together with details of the governance process followed. In order to simplify the approvals process, FTs have been asked not to make other constitutional changes at this stage.

On the agenda the Company Secretary will brief the Board on our proposed two stage process. The first to comply with this requirement and the second to progress work streams with governor and Board director representatives to consider and make recommendations for further constitutional change to take effect from next April.

ii) Planning for a secure transition to the new Health and Care system

Sir David Nicholson has recently written to leaders from across the service to outline the last significant organisational change prior to April 2013. There will be no formal transfer of statutory functions, accountability, budgets or employment of staff before April. However, in order to ensure stability and resilience for the current system through transition to the new health and care system from April 2013. the following changes in management responsibility will take effect earlier:

- regional directors at the NHS Commissioning Board (NHSCB) and NHS Trust Development Authority (NHS TDA) will assume management responsibility from 1 October 2011 for both 'operational delivery' in the current financial year and planning for the next;
- Health Education England (HEE) and shadow Local Education and Training Boards (LETBs) will enjoy delegated authority from 31 October 2011for 2013/14 planning around workforce, education and training; and
- Public Health England (PHE) "will prepare to take on its functions" from January 2013.

iii) New provisions on non-NHS income

One of the significant sections of the Act that comes into force on 1 October are the provisions abolishing the old private patient income cap, a new cap on non-NHS income and the need to involve governors in approving certain increases in non-NHS income.

iv) National Quality Board[1] (NQB): *Quality in the new health system*

With the health system changing, it is important that all participants, including NHS FTs, ensure they have clarity as to where responsibilities for quality lie in the new architecture from April 2013. To support this, the NQB has published a draft report[2] which considers how quality can be assured within the new arrangements. Key points include:

- the Quality Framework, which covers issues such as measurement, leadership and innovation;
- the need for a "culture of open and honest cooperation" with patients;
- the roles and responsibilities in relation to quality are covered for providers, commissioners and national organisations, including their participation in local Quality Surveillance Groups to share information and intelligence;
- Risk Summits can be initiated by any statutory body with anxieties about a provider's quality; and
- action points for both local and national organisations

Monitor has confirmed their expectation that all FTs read, understand and hold a board-level discussion about the report. I propose we hold the discussion at a future strategy session in the new year when we should also have the Francis report of the Public Inquiry into Mid Staffordshire NHS Foundation Trust.

v) Strategic clinical networks

The NHS Commissioning Board Authority (NHS CBA) has set out its plans for a small number of nationally supported networks to bring together colleagues on a regional basis to improve health services for specific patient groups or conditions. As these networks develop they will be looking at how to make effective links with partner organisations locally and to promote connections between health and social care. The conditions or patient groups chosen for the first strategic clinical networks are:

- Cancer
- Cardiovascular disease (including cardiac, stroke, diabetes and renal disease)
- Maternity and children's services
- Mental health, dementia and neurological conditions

1.3 Formal Consultations

There are a number of national consultations currently taking place seeking views on proposals that are of relevance to the Foundation Trust. I have summarised below those of particular relevance to the Foundation Trust that the Board needs to be aware of.

i) DH: Sector regulation of health service

Two consultations to help ensure patients' interests will be protected throughout the health service were launched last month by the DH. The consultations set out proposals for how Monitor, as the sector regulator for the health service, will ensure that the new system operates in the best interest of patients. Specifically, the consultations seek views in relation to:

- **Licensing** – this focuses on who will need a Monitor licence; the circumstances in which providers who are licensed can have a say in any changes to the standard conditions in their licence; and the fines Monitor will impose if a provider breaches its licence conditions, delivers services without a licence or fails to supply Monitor with required information (Note: this is separate to the Monitor's own consultation on licensing – see over page)

- **Procurement, choice and competition** – this covers minimum requirements for commissioners to ensure they deliver best value for patients. This also explains how, for the first time, patients' rights to choice under the NHS Constitution will be enforceable wherever they live in England.

[1] **The National Quality Board** brings together the national organisations across the health system responsible for quality including the Care Quality Commission, Monitor, the NHS Trust Development Authority, NICE, the General Medical Council, the Nursing and Midwifery Council, the NHS Commissioning Board Authority and the Department of Health

[2] **NQB report** *Quality in the new health system -Maintaining and improving quality from April 2013*.

ii) Monitor consultations on the new regulatory system

Under the Health and Social Care Act (2012) Monitor will become the sector regulator for health care and their primary duty will be to protect and promote the interests of people who use health care services. Monitor has recently published 2 important consultations regarding their proposals to implement the new regulatory system:

- **Licensing:** The Act requires Monitor to introduce a regulatory licence that providers of NHS services will be required to hold in future as part of the new regulatory system from April 2013. The licence sets out various obligations on providers of NHS services. The arrangements will come into force for FTs one year before other providers. This is to allow time for Monitor and the Care Quality Commission (CQC) to implement a joint licensing and registration system.

- **Commissioner Requested Services and Protected Services Guidance:** Monitor has launched a consultation on a draft Commissioner Requested Services and Protected Services Guidance report. Commissioner Requested Services are services that will be considered by the commissioner for protection should a provider fail. The guidance sets out a process for commissioners to follow to ensure that key NHS services remain available for patients if a provider gets into serious financial difficulty. The system will form part of Monitor's Continuity of Service which aims to make sure patients continue to have access to the services they need in their local area.

The new licensing arrangements could have a significant impact on FTs in terms of systems for compliance, recording cost information and administration. Directors are taking part in national and regional consultation events to better understand the proposals. Commissioner requested services could have significant consequences in terms of freedom to innovate and transform and the cost of risk pool premiums which correlate to the number of commissioner requested services. A detailed briefing will be provided at the October Board meeting.

iii) DH: Reforming Social Care

As reported at the July Board, the DH is consulting on the draft Care and Support Bill which proposes a single law for adult care and support and provides the legal framework for putting into action some of the main principles of the White Paper, '*Caring for our future: reforming care and support*.'

Clearly the social care reforms and funding situation will affect the NHS at both a local and national level. Bradford Council is running a local health economy consultation event later this month, and we have been asked by Kris Hopkins MP to host a meeting to focus on the impact of the proposals for Airedale, Wharfedale and Craven patch. This will help inform Mr Hopkins' response to ministers. I will provide an update at the October Board of Directors meeting.

iv) NHS Constitution Refresh

The NHS Constitution sets out in one place what patients, staff and the public can expect from the NHS in England. It lays out patient and staff rights; the pledges the NHS is committed to achieve and the responsibilities that patients, staff and the public owe to one another and to the health service. The NHS Future Forum[3], which is advising the Government on how the NHS Constitution might be strengthened, is leading an engagement piece on what the NHS Constitution means to people to inform a formal consultation later this year. Directors will use the consultation process to inform staff engagement activities as part of our work on improving the patient experience and strengthening staff engagement. The Board will want to be assured via our integrated governance and reporting arrangements that the FT is complying with the NHS Constitution duties, rights and pledges.

[3] **The NHS Future Forum** - a group of clinicians, patient representatives voluntary sector representatives and others from the health field, including frontline staff - was set up by the Government in 2011 to oversee the NHS Reform listening exercise as part of the white paper development .

1.4 Key Publications/Reviews

Other national publications and reports I wish to draw to the Board's attention this month are summarised as follows:

i) Viability of hospitals

A series of reports and articles have been published in recent weeks speculating on the viability of hospitals in the current economic and financial climate as more acute Trusts declare they cannot pursue FT status as independent organisations. These include:

- Royal College of Physicians (RCP) report *Hospitals on the edge*
- Health Service Journal (HSJ) article alleging that Monitor has commissioned McKinsey's to review the financial viability of a number of small and medium-sized FTs as part of their annual plan review process
- Monitor report *Economies of scale and scope in healthcare markets*
- Hay report concluding struggling FTs may face insolvency in 2013/14

Airedale NHS Foundation Trust is not subject to a viability review. Directors will note the attached confirmation from Monitor that our annual plan meets their requirements and is not subject to further review. We continue to meet the terms of our authorisation and have a clear strategy to secure our future as part of a sustainable health and social care economy. Delivery of our strategy relies on internal transformation together with pathway development with our partners supported by strategic clinical and commercial alliances. At the Board's next strategy day, Directors will focus on our strategy going forward as a precursor to next years planning round.

ii) Hospital safety

Following national media interest in the NHS Safety Thermometer[4], the Department of Health (DH) has written to NHS organisations advising how to interpret their data for interested parties. In the letter Professor Sir Bruce Keogh, NHS Medical Director, and Jane Cummings, Chief Nursing Officer, NHS Commissioning Board caution against using the data inappropriately particularly when interpreting initial data points (i.e. at the beginning of data collection) because organisations are still setting up systems and training staff on the operational definitions. The letter makes it clear the tool was designed to measure local improvement over time and should not be used to compare organisations

However, at the end of last month the Health Service Journal (HSJ) accessed the Safety Thermometer data submissions and used them to prepare league tables. The reporting included a ranking of Airedale in a group of 5 hospitals that were causing the "most harm" to patients. Upon review, it became clear the data submitted by Airedale - the first submission by the Foundation Trust - included an error. Key partners (Governors, Commissioners, GPs, Local Authorities, SHA, DH, Monitor, CQC, press) were contacted to explain the error and provide assurance. DH has agreed Airedale can resubmit the July data when it submits the September data return.

Executive Directors are reviewing systems and processes to tighten controls regarding data sign off and submission approval. Actual performance on the Safety Thermometer key indicators is included in the Executive Medical Director's Quality Report.

iii) NICE*: Innovation Scorecard*
From this autumn every hospital and commissioning organisation in England will be required to publish statistics showing how many patients are being provided with the latest drugs and treatments recommended by the National Institute of Health and Clinical Excellence (NICE). The move will mean that by next year each organisation will be rated using an "innovation scorecard" on 20 key treatments allowing patients to compare services and treatments offered in different parts of the country. The innovation scorecard will be reviewed as part of the Trust's approach to quality and safety and be reflected in future quality reports to the Board.

[4] **NHS Safety Thermometer**: has been designed to be used by frontline healthcare professionals to measure a snapshot of harm once a month from pressure ulcers, falls, urinary infection in patients with catheters and treatment for VTE. The Department of Health are incentivising the collection of data on all patients once a month through a national CQUIN payment.

2 Regional Developments

2.1 Yorkshire & the Humber Academic Health Science Network (AHSN[5]): Update

As previously reported to the Board, following a request by DH for expressions of interest to create AHSNs, organisations across Yorkshire and the Humber agreed to collaborate in a regional bid. The Yorkshire & Humber expression of interest was successful and the next step is the preparation of a prospectus for submission to DH by the end of September. A series of engagement events have been organized to inform the prospectus. Dr Andrew Catto was invited to contribute.

Given our strategy around innovation and technology to support care closer to home and care integrated around the patient and the important emerging role envisioned for AHSNs in terms of acting as a gateway for any NHS organisations requiring support or help with innovation, and providing industry with focused points of access to the NHS, it is essential that Airedale is affiliated to the regional AHSN.

2.2 New NHS Architecture: Regional Appointments Update

Since the last meeting of the Board, key appointments to the Managing Director posts of the two local Commissioning Support Units (CSUs) have been made by the NHS Commissioning Board Authority. Maddy Rough has been appointed to the North Yorks and Humber CSU, and Alison Hughes has been confirmed at West Yorkshire. The appointment to the West Yorkshire Local Area Team (LAT) Lead Director is awaited. As the new structure becomes established, developing links with the new leadership will be a priority for our stakeholder engagement work over the next quarter.

2.3 Innovation, Health and Wealth (IHW)

As part of their approach to supporting implementation of recommendations contained within Innovation, Health and Wealth (previously circulated) this Region has:

- put forward a number of expressions of interest in the 3m lives telehealth deployment (Airedale is part of a collaboration with North Yorkshire and the Humber)
- agreed to allocate remaining Regional Innovation Funding (RIF) to support the expansion of telehealth (Airedale has secured £41k and is pooling with the three Bradford and Airedale CCGs and Bradford Hospitals NHS FT allocations to deliver a joint project to support COPD and heart failure patients)
- made recommendations to Sir Ian Carruthers and the IHW National Steering Group on strengthening leadership and accountability for the spread and adoption of innovation, including use of assistive technologies, such as telemedicine (Airedale has contributed to the recommendations and presentation) .

[5] The goal of AHSN's will be to improve patient and population health outcomes by translating research into practice and developing and implementing integrated health care systems.

3 Local Health Economy Developments

3.1 North Yorkshire & York (NY&Y)

i) Sustainability review update

As previously reported the Chief Executives of the main acute trusts and the ambulance service, together with the CCG leaders and current PCT Cluster Chief Executive have commissioned external support to undertake a rapid piece of work (8 weeks commencing 3 Sept) to examine the strategic options available that could potentially take out significant costs in the acute / community/primary care sector. Following a tender process, KPMG consultants have been engaged to help develop some options for consideration.

The options will be worked up with clinicians and managers from each of the acute trusts (including Airedale) and within the CCGs (including Airedale Wharfedale and Craven CCG) as well as across the wider health community. The objective of the work is to develop a short list of potential options to work up in more detail. Throughout the development of the options a financial analysis will be undertaken to help the leadership community understand the financial as well as clinical impact of the changes. Each acute trust will understand the implications for them and so more informed decisions can be taken about the potential future options.

ii) Financial position

The review is set against the context of a worsening financial position across North Yorkshire. The PCT Cluster has agreed with the SHA that it will not exceed an operating deficit of -£19m by the end of March 2013. The deficit was agreed in recognition that costs and activity levels within the NYY community are not affordable within the PCT's available resources. The system changes required to address the issue will not all be completed within 2012-13, and the SHA has therefore accepted the PCT's decision to declare a forecast £19m operating deficit on the basis that it must progress in year to minimise this position as far as possible. Legacy debt has been written off in previous financial years and the current issue relates to activity across the range of healthcare commissioning being above budgeted levels.

However, the PCT cluster could potentially exceed this agreed deficit by a significant margin, including overtrading at most of its acute providers. The PCT Board with input from the CCGs and acute providers is in the process of developing a turnaround action plan to bring the situation back to achieve the agreed year end operating deficit.

Clearly this represents a significant risk to the whole health and social care community. The Foundation Trust is participating in the KPMG review and is in discussions regarding potential solutions.

3.2 CCG Authorisation and Development

As previously reported our local CCGs are scheduled for wave 2 assessment for authorisation. They have submitted their evidence and await panel assessments. Craven GPs continue to express their support for an alliance with the Airedale and Wharfedale GPs, with Airedale Hospital as the main provider, reflecting patient flow.

CCGs continue to prepare for go live and are in the process of making key appointments to lead roles and have begun hosting shadow public board meetings. It is important that Airedale builds on and strengthens relationships with its main CCGs who are key stakeholders as commissioners, but also important partners as primary care providers and advisors to patients when choosing their preferred healthcare provider.

3.3 System Leadership and Stakeholder Engagement

As previously reported, our ongoing work to strengthen relationships with and support and influence key local stakeholders continues, including attending formal meetings such as Health and Well Being Boards, CCG Board meetings, Health Overview & Scrutiny meetings and provider Board and Council of Governor meetings as well as a range of working groups and informal one to ones. As the NHS structural reforms gather pace we await the outcome of key appointments and are ready to establish new relationships and pursue our vision for our population.

4 Airedale Foundation Trust Update

4.1 Financial Position

The overall position at the end of August is a surplus of £665k which is ahead of plan by £165k and reflects the continued increase in referrals. Looking ahead to year end, if the activity growth continues at current levels, there is a significant risk the overtrade may not be affordable to commissioners. As previously reported the trend has been signalled to commissioners and we are exploring a case for repatriation.

I also remain concerned at the gap on CIP plan delivery. Directors are supporting service groups to develop mitigation plans and explore further options.

4.2 Monitor updates

i) 2012/13 Monitor Q1 review

Monitor has completed its review of Q1 2012-13 submissions from NHS Foundation Trusts and has written confirming the Foundation Trust's Q1 position as GREEN Governance Risk Rating (GRR) and a Financial Risk Rating (FRR) of 3. (Copy of correspondence and executive summary attached for information).

ii) 2012/13 Annual Plan Review

Monitor has also completed its review of our Annual Plan submission and confirmed the Foundation Trust has not been selected for an in-depth review (Copy of correspondence and executive summary attached for information).

As the Board is aware the overall AMBER/GREEN governance rating for the Annual Plan is due to the risk that the CDiff target could be breached. Directors continue to lobby the DH regarding the target set (9) , which we believe is unreasonable given the significant reduction we have already achieved (from 200 plus cases a few years ago to 21 cases last year) and the prevalence of CDiff in the community.

4.3 Operational Update

- **A&E treatment times:** the Board will note from the performance report performance against the A&E treatment time targets. Whilst we are maintaining the Monitor 95% target, our own local stretch target of 98% has been harder to achieve given the unprecedented level of attendances. Recognising that redesigning urgent care pathways with our partners is the only way forward, we recently hosted an urgent care summit where we shared data with commissioners and discussed potential ways forward.

- **Bed pressures:** the Foundation Trust continues to respond to unprecedented activity levels resulting in the continued need to maintain a higher level of beds than originally budgeted for.

- **Winter plan:** given current unprecedented activity levels, the Board will want to be assured regarding the additional actions being planned both within the organisation and across the health and social care community as part of this year's winter plan. Looking ahead to next year, so we can ensure plans are implemented in good time, I plan to bring forward the winter planning process and submit proposals for consideration and sign off at the July 2013 Board.

- **Infection Prevention:** the Board will note from the performance report the latest position of 2 cases of hospital acquired MRSA, and 8 cases of CDiff. The Board will want to take assurance from the CDiff action plan update that we are doing everything we can to prevent infection, both within the hospital and across the community services for which we are now responsible.

- **New Patient Administration System (PAS):** I can confirm the project to implement the new TPP Systm1 PAS is on target for go live at the end of November.

4.4 Workforce Developments

- **Strengthening Clinical Leadership:** As previously reported, plans to strengthen clinical leadership are progressing with the intention of Clinical Directors taking on increased responsibility and accountability from 1 October 2012.

- **Consultant Revalidation:** Directors will recall a recent Board meeting when Dr Harold Hosker gave a presentation on the consultation validation process and an update on Airedale's preparedness. This months Board papers include an update confirming the Foundation Trust has been RAG rated GREEN in the latest ORSA rating. This is positive news and external validation that our work on revalidation meets requirements.

- **Going the extra mile :** over 30 members of Airedale Dodgers (the hospital staff and supporter running club) took part in this month's Great North Run, raising thousands of pounds for Sue Ryder, their nominated charity

Bridget Fletcher
Chief Executive
Executive Sponsor

Ann Wagner
Director of Strategy & Business Development
Report Author

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