

To: The Board

For meeting on: 25 June 2014

Agenda item: 8

Report by: Executive Committee

Report on: Executive Report

Summary:

This report summarises key developments at Monitor since the Board meeting held on 28 May 2014.

EXECUTIVE COMMITTEE BUSINESS UPDATE:

1. At its meeting on 3 June 2014 the Executive Committee (ExCo) conducted the following business:
 - a. Considering information about the enquiries and complaints received by Monitor in April 2014.
 - b. Reviewing the key findings of the internal audit review of Monitor's corporate governance framework and agreeing management responses to these. The findings of the review and proposed responses have been circulated to the Audit and Risk Committee in correspondence.
 - c. Reviewing the key findings of the internal audit review of Monitor's Strategic Information Programme (SIP) and agreeing management responses to these. The findings of the review and proposed responses have been circulated to the Audit and Risk Committee in correspondence.
 - d. Discussing the proposed approach to be taken by Monitor with regard to the joint NHS England/NHS Trust Development Authority/Monitor proposal for

developing prototypes of new high value service models in the NHS (NHS Accelerate).

2. At its meeting on 10 June 2014 the ExCo conducted the following business:
 - a. Considering information about the Sign up to Safety campaign and how Monitor might support the campaign across the NHS foundation trust (NHSFT) sector.
 - b. Reviewing Monitor's proposed Information Strategy, setting out the vision and roadmap of how the organisation would develop its information capability to underpin its regulatory responsibilities. Further information about this item can be found at agenda item 13 (ref: BM/14/71(P)).
 - c. Agreeing the proposed approach with regard to a short review of the Monitor licence. The aim of the review is to identify areas of the licence which might be inadvertently affecting beneficial change for patients and/or having a distorting effect on NHSFT behaviour.
3. At its meeting on 10 June 2014, the ExCo also agreed that Monitor should go beyond its mandatory and current public commitments with regard to diversity and inclusion and update the organisation's approach to diversity and inclusion for 2014/15.
4. Monitor has a specific responsibility to publish its internal equality objectives at least every four years. The refreshed objectives agreed by ExCo are:
 - a. To attract, retain and develop high performing people from the widest talent pool, with the right skills, experiences and competencies from a diverse range of backgrounds;
 - b. To demonstrate clear leadership with senior commitment and accountability for mainstreaming diversity and inclusion into our organisation;
 - c. To create an inclusive workplace where our people feel valued, respected, are treated fairly and have a sense of belonging; free from bullying, harassment and discrimination.
 - d. To ensure our people receive targeted fairness and inclusion awareness training through a structured programme of initiatives to enhance our reputation as an employer of choice.
5. In addition to the organisation's equality objectives, and to meet objective (d) the ExCo decided to adopt a diversity and inclusion training programme for 2014/15, comprising three elements:
 - i. **E-learning training** – provided by National Centre for Diversity. A 75 minute e-learning programme covering legislation, workplace attitudes, beliefs,

behaviours and conduct. This training will be mandatory for all staff; to commence training from early July; aiming for 90% completion rate by 31 October 2014.

- ii. **Inclusive leadership training** - diversity is leveraged through inclusion; it is achieved by inclusive leadership. Monitor will run at least four half-day inclusive leadership training sessions for Grade 2.1s and above from July; aiming for 90% attendance rate by March 2014. The provider is the Equality Academy; the training explores unconscious bias.
 - iii. **Raising awareness / team building** – through an interactive board game 'Equally Yours'. The toolkit is designed to explore equality and diversity issues in a challenging, collaborative, fun manner. This will be an optional tool for use by line managers and/or diversity ambassadors.
6. A further set of actions aimed at objectives (a)-(c) will be discussed by the ExCo in due course.
7. At its meeting on 17 June 2014 the ExCo conducted the following business:
- a. Agreeing a mechanism for ensuring agreement and visibility across the organisation about how Monitor addresses the requirements placed upon it by parliamentary select committees.
 - b. Considering an outline scope for a whistleblowing review ahead of its onward submission to the meeting of the Audit and Risk Committee on 2 July 2014.
 - c. Reviewing the progress made by Monitor in relation to the actions that it had agreed in response to the findings of the Mid Staffordshire NHS Foundation Trust Public Inquiry. Further information about this item can be found at agenda item 4 (ref: BM/14/64).
 - d. Reviewing the proposed framework agreement between Monitor and the Department of Health (DH). Further information about this item can be found at agenda item 5 (BM/14/65).
 - e. Agreeing that Monitor amend its *Work Life Balance Policy* to make it compliant in light of changes in the law and to make the policy clearer. The law is changing on 30 June 2014 and from that date Monitor must allow all employees, subject to standard eligibility criteria, to apply for flexible working.

ECONOMICS UPDATE

Making sure public providers are well led AND B. Making sure essential NHS services are maintained

8. The “**NHSFT sustainability**” project aims to develop a methodology to test the clinical and financial sustainability of a Trust at a high level. The Economics team recently issued its draft report for the second pilot project. The team will be finalising its report, writing up detailed methodology and supporting the Provider Regulation directorate on deciding next steps (including to what extent a condensed version of this methodology may be used to support Annual Plan Review (APR)) during June.
9. The “**Local Health Economy (LHE) diagnostic**” project is working to develop a methodology and model for analysing local health economy performance, and drivers of that performance. The first pilot has now been completed. This has given the Economics team, the Provider Appraisal directorate and the Provider Regulation directorate a much better understanding of LHE issues, what a c4 week LHE review can deliver and which LHE work is most useful for Monitor. Work on the second pilot is being used to develop a better product.
10. Updates were provided to the Board on both of these projects ahead of the May meeting. A report back on key lessons from the second pilots and next steps in will be provided to the ExCo June/July. Discussions are taking place with the Provider Regulation directorate on what support it requires for the national planning round, drawing on the Economics team’s LHE and sustainability work. A Board workshop on provider economics issues has been arranged for September.

Making sure the NHS payments system promotes quality and efficiency

11. The team has begun the project on “**efficiency and leakage**”. It has engaged with internal stakeholders, the NHS Trust Development Authority (NHS TDA) and NHS England on the project. The primary internal customer is the Pricing team.
12. The first stage of the work will inform input on leakage to the Tariff Engagement Document. Initial insights have been discussed with the Joint Pricing Group and Monitor has pulled together its analysis with NHS England.
13. It is anticipated that further work to September will include engagement with the sector.

Promoting change through high quality analysis and debate, and by encouraging innovation

14. The “**smaller acutes**” project published its report on 13 June 2014. The key message is that smaller acutes are increasingly facing challenges, driven by

guidelines and requirements on staffing. There is no “one size fits all” solution, but they will all need to adapt in order to remain sustainable.

15. The Economics team’s next steps will be to talk to each of Monitor’s functional teams about what this means for their work and to scope out in more detail proposed projects to look at the economic impact of moving care out of hospital and the constraints posed by workforce issues.
16. Work has started on the “**international acute comparisons**” project. This project will investigate the standards set and delivered for six core acute services in six other countries around the world. It will also investigate differences in the pattern of provision for these services with a view to identifying some case studies which could be translated into the NHS of high quality services that are delivered more efficiently. Monitor has received initial analysis on stage one of the report concerning standards. The team will continue to explore and test these findings. This work will report at the end of July.
17. Monitor has assisted DH and NHS England in the construction of the Shared Financial Model which provides a shared view of the system. It is intended to use this as the basis for the ‘Planning Assumptions’ work for publication in December and this project should be launched in July.

Making sure Monitor is a high performing organisation

18. Monitor’s “**patient engagement**” project has concluded and results were presented to ExCo and the Board in March 2014. The team has met with stakeholders to ensure the recommendations are taken forward.
19. The “**learning from other regulators**” project has been looking at the lessons that can be learnt from other regulators and how this could help us judge performance of Monitor as a regulator (e.g. in the form of a framework). The desk based work has progressed well. Key insights and lessons for Monitor were discussed with the Economics Advisory Group in May and the emerging paper was shared with the Managing Director for Sector Development.

STRATEGY & POLICY UPDATE

Making sure public providers are well-led

20. In conjunction with the Provider Appraisal directorate, Monitor agreed a joint statement of intent with the Care Quality Commission (CQC) and the NHS TDA on the importance of governance in addressing some of the issues raised by the Francis Report. In this announcement the three organisations set out how their respective approaches to overseeing governance mapped to each other in a complementary fashion.

21. Underpinning this statement of intent, on the same day, the 'Well-led framework for Governance Reviews' was published. This will support NHSFTs as they begin to design and commission their own regular governance reviews, as required by the Risk Assessment Framework
22. Monitor ran a joint event with the Foundation Trust Network (FTN) to share learnings from the governance review pilots and launch the governance reviews framework. This was attended by over 100 NHSFTs, c.70% of the sector and was highly successful, with 98% of attendees finding it helpful in assessing what was required and the impact on the organisation, and 95% rating their understanding of the new framework as high/very high. 67% of attendees plan to carry out a review in the next two years
23. The Strategy and Policy team have kicked off the project to provide NHSFTs with tools to improve strategic planning. Three NHSFTs have signed up to be test sites.

Making sure essential services are maintained

24. The Strategy and Policy team are continuing their work with external partners on the financial issues in 2015/16, including further work on identifying ways to help close the gap.
25. Work is ongoing both internally and with external partners to support Monitor's duty to enable integrated care, including the integrated care pioneers, and it is planned to issue guidance for the integrated care licence condition later this year.
26. Work has started on an evaluation of the effectiveness and speed of Monitor's provider regulation interventions, focusing on an number of intervention cases in the past three years. The results will feed into a wider piece of work on organisational and procedural re-design carried out by the Provider Regulation directorate.

Promoting change through high quality analysis and debate

27. Monitor is working with the NHS England and the NHS TDA to examine how we can support the introduction of new high value care models into the NHS
28. Consideration is currently being given to how models of care will look different in the future (based on NHS England's planning work) and what this may mean for the use of alternative organisational forms to support these new models of care. The Strategy and Policy team is currently developing some illustrative scenarios of alternative views of how the landscape might evolve.

Making sure Monitor is a high performing organisation

29. The Risk and Performance teams are now in place and are monitoring performance across the organisation. Good progress has been made on risk and performance reporting and work is underway on Monitor's risk and performance framework, including the evaluation methodology.

STRATEGIC COMMUNICATIONS UPDATE

Making sure public providers are well led

30. The Strategic Communications directorate facilitated a meeting with colleagues from the Royal College of Nursing (RCN), British Medical Association, FTN and King's Fund following their feedback to the select committee that there remains a lack of clarity about how Monitor's role and CQC's work together. The directorate's briefing was able to refer to the recently published joint statement of intent on the aligned 'Well Led' framework. There was a positive response to the agreed processes and a request for more communication to improve understanding and confidence within the system. Various actions are planned to achieve this: a joint communication/article to be distributed through the relevant partners' own channels, which will also include an explanation of the relationship between financial regulation and quality inspection; a joint narrative to make sure there is clear, consistent messaging; speaking slots at stakeholders' regional events during the summer and autumn; and an education/briefing programme for Monitor/CQC front line staff to ensure that when they interact with providers and commissioners they can clearly explain how the two organisations work together.

Making sure the NHS payment system promotes quality and efficiency

31. With colleagues from the Pricing team, two workshops were held in May 2014 on the 2015/16 National Tariff Methodology; both were positively received by providers and commissioners. One of the main themes from the feedback is a request that Monitor's tariff publication should be as short and simple as possible and focus on the salient points.

Making sure Monitor is a high performing organisation

32. The Strategic Communications directorate has held meetings with the King's Fund, RCN, NHS Clinical Commissioners and partner organisations to determine how Monitor can work with them to engage with the sector. There was discussion about ways of using the consensus on the need to change how services are delivered as the basis for a more coherent public facing case for change.
33. The Strategic Communications directorate is stepping up its engagement with Monitor's 'Top 40' stakeholders, and is driving a more proactive forward plan for ensuring speaking engagements and other events meet Monitor's objectives. The directorate is reviewing audience specific messages and actions and will take

proposals to ExCo in July.

34. Monitor attended the NHS Confederation conference and feedback showed that Monitor's joint stand with partners was well-received and sent a good signal about co-operation.
35. Monitor's website has now moved to GOV.UK and a short video produced by Strategic Communications to explain the changes has been viewed nearly 2,500 times. The number of users has remained steady following the change, and the proportion of users coming from Google has increased (up from 12.8k to 16.1k a week).
36. In a mixture of leading articles and reports, *The Times* has highlighted its view that the only way the NHS can be made sustainable is by the introduction of more private sector expertise and techniques. It reported on the success of Circle in turning around Hinchingsbrooke Hospital (improving care and predicting a profit). Separately, the newspaper's health correspondent, Chris Smyth, reported David's remarks at a Nuffield trust event on smaller hospitals, placing David's remarks within the context of hospital chains.
37. The Times, Independent, Sun, HSJ and Yorkshire Post were among the publications that covered our Q4 review of the NHSFT sector. The Independent's offshoot publication "i" devoted its front page to Monitor's letter to foundation trusts asking them to reconsider their recently submitted two-year plans to ensure they were not making unrealistically optimistic assumptions. Our decision to take Basildon NHS Foundation Trust out of special measures was covered locally, with BBC local radio and TV interviewing Adam Cayley, and in the HSJ.

Executive Committee

Public Sector Equality Duty:

Monitor has a duty under the Equality Act 2010 to have due regard to the need to eliminate unlawful discrimination, advance equality of opportunity and foster good relations between people from different groups. In relation to the issues set out in this paper, consideration has been given to the impact that the recommendations might have on these requirements and on the nine protected groups identified by the Act (age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion and belief, gender and sexual orientation).

As this report is for information, it is anticipated that the recommendations of this paper are not likely to have any particular impact upon the requirements of or the protected groups identified by the Equality Act.

Exempt information:

None of this report is exempt under the Freedom of Information Act 2000.