

**To:** The Board

**For meeting on:** 25 June 2014

**Agenda item:** 7

**Report by:** Miranda Carter, Executive Director of Provider Appraisal

**Report on:** Provider Appraisal Update

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## **Introduction:**

1. The Care Quality Commission (CQC) has now rated six NHS foundation trust (NHSFT) applicants as ready to progress to NHSFT status. As a result the pipeline of NHSFT assessment work is gradually increasing from its perspective. The latest reactivation is Bridgewater Community Healthcare NHS Trust, following CQC confirmation of a “Good” rating.

## **A. Developments**

### *NHS Trust Development Authority (NHS TDA)*

2. The Provider Appraisal directorate continues to engage with the NHS TDA to streamline the end-to-end assessment process. The NHS TDA is still considering the feedback from the accounting firms before concluding on a revised scope for accounting firm work on NHSFT applicants pre referral to Monitor.
3. The NHS TDA is due to notify Monitor of its preferred candidates for early quality governance review in July 2014. It is expected that the Provider Appraisal directorate will be asked to undertake two such reviews.

### *‘Well Led’ – next steps*

4. Following publication of the statement of intent for an aligned approach between Monitor, the CQC and the NHS TDA, work is underway to put the ‘Well Led’ framework into practice in Monitor’s assessment of applicant trusts. This will involve: further refinement of the framework to align the organisation’s definition of good practice with CQC (whose approach to assessing ‘Well-Led’ is under consultation); agreement between Monitor, the NHS TDA and CQC on the timing of their respective work; and determining the ‘bar’ for authorisation. Following a

short period of consultation, Monitor plans to publish a revised Guide for Applicants in autumn 2014, reflecting its revised approach.

## **B. Update on assessments**

5. Annex 1 provides details of the applicants currently being assessed by the Provider Appraisal directorate.

### *Active assessments (exception reporting)*

6. Bridgewater Community Healthcare NHS Trust: Phase 2 of the assessment has commenced in June 2014 following CQC confirmation of a “Good” rating.

### *Delayed, deferred and postponed trusts (exception reporting)*

7. A positive outcome has now been received from the CQC inspections of Solent and Derbyshire Community Health Services NHS Trusts. Monitor awaits a formal letter on Devon Partnership NHS Trust.
8. The Provider Appraisal directorate is meeting with CQC in early June 2014 on all inspection pilots relating to non-acute trusts in order to understand the implications for deferrals and status in the cases where the CQC has not given support for NHSFT applications.

### *Assessment pipeline*

9. An overview of the assessment pipeline is provided in Annex 2. This reflects the NHS TDA’s latest available public forecast (January 2014) updated for the referral of St George’s Healthcare NHS Trust. The NHS TDA forecast indicates that 12 NHS trusts “are not considered sustainable in their current form and are therefore pursuing an organisational transaction”. This leaves a total of 71 NHS trusts to be referred to Monitor.

## **C. Update on transactions**

### *Active projects*

10. The Provider Appraisal directorate has completed its risk rating of the Royal Free London NHS Foundation Trust’s acquisition of Barnet and Chase Farm Hospitals NHS Trust. The Board and governors have now voted to approve the transaction which is expected to take place on 1 July 2014.
11. Frimley Park Hospital NHS Foundation Trust’s acquisition of Heatherwood and Wexham Park Hospitals NHS Foundation Trust: The Full Business Case was expected to be approved by the Trust Board on 14 May 2014, however this has been delayed. The funding package is still being negotiated. The proposed transaction completion date is 1 August 2014.
12. Chelsea and Westminster Hospital NHS Foundation Trust’s acquisition of West Middlesex University Hospital NHS Trust: The Provider Appraisal directorate has

commenced the stage 2 Outline Business Case review following Trust submission in June 2014. The outcome of the review will be provided to the PAE in July 2014.

**Miranda Carter**  
**Executive Director of Provider Appraisal**

## **Making a difference for patients:**

*Monitor's mission is to make the health sector work better for patients. This report provides an update on the Provider Appraisal directorate. The key focus of this team is to assess if providers are well led and can therefore deliver sustainable high quality services to patients.*

## **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 drafting this report consideration has been given to the impact that the issues dealt with might have on these requirements and on the nine protected groups identified by this Act. It is anticipated that the issues dealt with in this paper are not likely to have any particular impact upon the requirements of or the protected groups identified by the Act.*

*This report considers the activity of the Provider Appraisal directorate, whose key focus is to authorise NHS Trust as NHS foundation trusts. The assessment process considers how representative of the population that it serves the membership of an applicant NHS foundation trust actually is, and therefore has had regard to the duties required by the Equality Act. It is not considered that there are any decisions within this paper which would impact on protected groups identified by the Act.*

## **Exempt information:**

*Some of the information in this report is exempt from publication as it falls under section 36 of the Freedom of Information Act 2000. The information is exempt because disclosure of that information would, or would be likely to, inhibit the free and frank provision of advice, or exchange of views for the purposes of deliberation. In applying these exemptions, we have considered the public interest test; disclosure of this information will not enhance the accountability or transparency of Monitor as its disclosure would inhibit the free frank disclosure of information.*

## Annex 1: Current status of trusts with Monitor for assessment

Active assessments						
Trust name	Status	Start	Exec meeting	Target Board to Board	Decision	Indicative CQC inspection date
Royal United Hospitals Bath	Active	May 2014	Aug 14 *	n/a	tbc	Inspected
St George's Healthcare	Active	Phased start May 14	n/a	Late Sept 14	Oct 14	Inspected
Bridgewater Community Healthcare	Active	June 2014	n/a	Early Sept 14	Sept 14	Inspected

\* Trust was previously deferred. Assessment has been reactivated.

## Annex 2: Pipeline information

### (i) Monitor pipeline

	As at 30 April 2014	As at 31 May 2014
<b>Total Foundation Trusts (FTs)</b>	<b>147</b>	<b>147</b>
<b>Monitor pipeline</b>		
Assessment decisions this month	-	-
Assessments in progress	3	3
Assessments paused post phase one assessments	6	6
Deferrals /postponements	7	7
Assessments awaiting start	-	-
<b>Total Monitor pipeline</b>	<b>16</b>	<b>16</b>
<b>NHS TDA pipeline</b>		
NHS Trusts being reviewed for referral to Monitor *	12	12
Other NHS Trusts	59	59
Not in current organisational form	12	12
<b>Total NHS TDA pipeline</b>	<b>83</b>	<b>83</b>
<b>Total number of trusts</b>	<b>246</b>	<b>246</b>

\* Based on NHS TDA January 2014 Board paper updated to include St George's referral

### (ii) Analysis of pipeline

	Acute	MH	Ambulance	Community	Other	Total
<b>NHS FTs</b>	101	41	5	-	-	<b>147</b>
<b>With Monitor</b>	4	5	1	6	-	<b>16</b>
<b>With NHS TDA – being reviewed for referral</b>	6	3	-	3	-	<b>12</b>
<b>With NHS TDA – pre referral review</b>	38	7	4	10	-	<b>59</b>
<b>Not as standalone NHS FTs</b>	9	1	-	1	1	<b>12</b>
<b>Total</b>	<b>158</b>	<b>57</b>	<b>10</b>	<b>20</b>	<b>1</b>	<b>246</b>

Updated to account for the April 2014 referral of St George's Healthcare NHS trust.

### Annex 3: Transaction pipeline

<i>NHS FT Name</i>	<i>Transaction Details</i>	<i>Estimated Report Date</i>
<b>Live Transactions</b>		
<b>Mergers, Acquisitions &amp; Joint Ventures</b>		
Frimley Park Hospital	Acquisition of Heatherwood and Wexham Park Hospitals NHSFT. FBC review.	Jul-14
Chelsea and Westminster Hospital	Acquisition of West Middlesex Hospital NHST. OBC Review.	Jul-14