

**To:** The Board

**For meeting on:** 24 June 2015

**Agenda item:** 5

**Report by:** Executive Committee

**Report on:** Executive Report

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**Summary:**

1. This report summarises key developments at Monitor since the Board meeting held on 28 May 2015.

**EXECUTIVE COMMITTEE BUSINESS UPDATE:**

2. At its meeting on 9 June 2015 the Executive Committee (ExCo) conducted the following business:
  - a. Considering information about the enquiries and complaints received by Monitor in March 2015.
  - b. Discussing the objectives of a joint Economics and Policy team project to model the financial impacts of moving care from acute to community based settings. The project's methodology, outputs findings and key implications for Monitor, including recommended next steps, were also considered.
  - c. Considering a proposal for a new recognition framework for Monitor to replace the current exceptional payment framework.
  - d. Agreeing the application of the proposed annual pay uplift to staff permissible under the Cabinet Office guidance.
  - e. Reviewing the progress of operational plans across all directorates for the 2015/16 financial year.

- f. Scrutinising a revised set of key performance indicators.
  - g. Considering the findings of an internal audit review of Monitor's business critical models, in particular the Pricing team's 2015/16 Admitted Patient Care Structural Query Language model.
  - h. Reviewing a summary of the organisation's year to date expenditure position as at 30 April 2015.
3. At its meeting on 16 June 2015 the ExCo conducted the following business:
- a. Reviewing information about the status of current projects being undertaken by the KIM team, the Strategy and Policy team, the Economics team and the Strategic Communications directorate.
  - b. Considering the Senior Information Risk Owner Quarterly Report which included information on works undertaken from March 2015 to June 2015, works required to ensure Information Governance compliance and any Serious Incidents Requiring Intervention reported within March 2015 to June 2015.
  - c. Discussing the work carried out to date and immediate next steps with regard to Monitor's contribution to the Five Year Forward View (5YFV). Further information about this can be found at agenda item 12 (ref: BM/15/69(P)).
  - d. Considering feedback and lessons learned from Monitor's internal coaching pilot, and the proposal to offer all parts of the organisation the opportunity to participate in a new six month coaching programme.

## **ECONOMICS UPDATE**

### **Economics headlines**

4. Please note items a and b below which may be strategic and policy determining:
- a. The team has worked with others in Monitor to help identify efficiency opportunities and has engaged in external discussions on efficiency metrics and benchmarks (see further paragraph 7)
  - b. The team has presented to ExCo the key findings of its research into the impact of moving care from acute to community settings (see further paragraph 10).
5. Reflecting the increase in policy and other initiatives in the sector after the election, the last month saw an increase in economics support provided by the team to other teams in Monitor, in addition to its project work. In addition to the work described in

paragraphs 4.a and 7 the team completed economics quality assurance for the Pricing team and undertook work to support the 5YFV update and agency controls.

### **Making sure public providers are well led AND Making sure essential NHS services are maintained**

6. As set out in the Business Plan, the team is continuing to develop the economic analysis and approach to best support **sustainability reviews**.
7. The team provided an assessment of efficiency metrics and benchmarks and assessed efficiency opportunities in support of the Policy team's work on 2015/16 interventions. It has also engaged with discussions on efficiency metrics and benchmarks with the Carter Review, the NHS Trust Development Authority (NHS TDA) and the Department of Health (DH). The Carter Review has now published its interim report.
8. The team is finalising a report setting out its findings and conclusions on the **drivers of the decline in accident and emergency performance** over 2014/15, and presented its findings and draft recommendations to the Chief Executive. It has shared the slide pack with NHS England and DH. Following discussions with internal and external stakeholders, the team is refining its high-level recommendations for trusts, Monitor and its partner organisations. The report and recommendations will be discussed at the ExCo meeting on 30 June 2015, and the Board meeting at the end of July 2015.

### **Making sure the NHS payments system promotes quality and efficiency**

9. The team has also discussed further Pricing team needs in addition to the agreed Business Plan. This is likely to include a joint project looking at the fundamentals of Pricing and ensuring the scope of the System Economics work can feed key tariff inputs. The Pricing and Economics teams are discussing the resourcing of this work which may require some reallocation across the teams.

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

10. The team has progressed according to plan on the project to understand the **'financial impact of moving care from acute to community settings'**. Deloitte have completed the project to understand the costs of four case study schemes and the team has built the simulation model to understand the cost impacts across a local health economy of these schemes. Findings were shared with the ExCo on 9 June 2015. The ExCo commissioned the team to work with other Monitor functions to scope a second phase which would produce a tool for the sector and also work with the New Models of Care sites. The team is now using the model to produce an insights paper for the sector based on Phase 1 and finalising clinical and operational reports to launch at the Healthcare Financial Management Association conference on 4 July 2015.

11. The team is bringing together its main '**workforce**' findings and recommendations and will test and develop them further with stakeholders before sharing more widely and developing materials for the sector in early Summer. The project is being presented at a workshop with ExCo members on 23 June 2015 where its findings will be discussed, its recommendations finalised and its next steps agreed.
12. Both of these projects fit in to its wider programme of work on the '**economics of new care models**', which the team is continuing to scope and discuss with colleagues in Monitor and NHS England.

## STRATEGY & POLICY UPDATE

### Policy and Development headlines (no items are strategic or policy determining)

13. A consultation on changes to the Risk Assessment Framework (RAF) has been issued.
14. Approvals processes for management consultancy costs and agency costs have been developed.
15. 'Time to Deliver' update on progress of the 5YFV has been published.
16. The first three sites of the Success Regime have been announced.

### Making sure public providers are well-led

17. Proposals to **amend the RAF** to emphasise efficiency, economy and effectiveness were published. Consultation will last one month.
18. The project to develop a **diagnostic methodology** to identify more quickly likely root causes of problems at NHS foundation trusts (NHSFTs) is currently finalising the lines of enquiry for the toolkit. The work is now moving on to focus on designing the investigative approach and how to draw together the evidence required to support the team's conclusions. Resources have had to be diverted from the project in recent weeks to support Monitor's work on agency staffing and management consultancy controls. However additional policy resources have now been released to help keep the project on track.
19. Further work continues to address the emerging findings of **the Ed Smith review** into NHS IQ, NHS Leadership Academy and local improvement networks including Academic Health Science Networks, strategic clinical networks and clinical senates.
20. The business case for the pilot of the **aspiring Chief Executive Officer (CEO) programme** was approved which will be recruited to and commence in the autumn. This is in partnership with the NHS TDA, NHS Leadership Academy and NHS Providers.

## **Making sure essential services are maintained**

21. The first three sites of the **Success Regime** (previously known as Whole Systems Intervention) have been announced: Essex; North, East and West Devon; North Cumbria. Phase 1 funding from NHS England's Transformation Fund has been agreed. Work is now under way to appoint Programme Directors for each site in the regime.
22. The Policy and Development teams have been working with the sector (including provider CEOs, NHS TDA and NHS Providers) to identify priorities for supporting **efficiency and productivity improvements** over the next year.
23. The team designed approval processes for **management consultancy** costs and for **agency** costs. Responses from the sector are noted below in paragraphs 32-34.
24. The Operational Improvement Team has provided support and advice to the regional teams in the Provider Regulation directorate on **performance against key access targets** for many trusts. This has involved site visits and advice to trust boards. Improvement coaching is being provided at Good Hope Hospital (Heart of England NHS Foundation Trust) and is being scoped for Southampton and Great Western.

## **Promoting change through high quality analysis and debate**

25. The Policy team co-ordinated Monitor's input to the **5YFV update 'Time to Deliver'** which was launched at the NHS Confederation Conference. Monitor's 5YFV Co-ordination Group has been working on the format of a regular 5YFV Board update and the processes for fielding enquiries and support requests from vanguards.
26. Work has started on **assessing the potential savings from the transformation programmes of the 5YFV**. This will inform the assessment of the likely contribution of transformation to closing the funding gap and also help inform system level work on delivery planning and trajectories.
27. The **elective surgery** research project has some interesting emerging findings on operational improvement and the potential future landscape for elective care in the NHS. This work is focussing on ophthalmology and orthopaedics (which accounts for over 50% of elective spend) but many of the lessons will be applicable for other specialities. The research paper is due to be completed in July 2015.
28. A team member presented at a conference on Changing Culture and Improving Whistleblowing Procedures in Healthcare **on developing cultures of high quality care**, this included an overview of Monitor's development work supporting providers to develop their leadership and Improvement capabilities.

## **STRATEGIC COMMUNICATIONS UPDATE**

### **Strategic Communications headlines** (no items are strategic or policy determining)

29. To note this month:

- a. Announcement of investigation into St George's University Hospitals NHS Foundation Trust.
- b. Launch of 'Improving GP services: commissioners and patient choice' report.
- c. Briefing to senior Parliamentary officials.
- d. Stakeholder engagement ahead of the Success Regime announcement.

### **Making sure providers are well led**

- 30. The Strategic Communications directorate actively kept Monitor staff informed ahead of the major communications on costs which the Department and the Secretary of State put out to the NHS in early June 2015. At short notice, a comprehensive communications plan was developed and implemented to launch the NHSFT guidance and support package on the efficiency challenge, followed by the consultation on changes to the RAF.
- 31. Feedback from senior management of the 25 NHSFTs attending Monitor's event at the NHS Confederation annual conference in Liverpool showed a broad understanding of the cost measures. Some looked forward to more clarity about how the safety implications of restrictions on agency staffing would be addressed. The NHSFTs were enthusiastic about the new support Monitor is offering and agreed that good practice could be better shared across the sector.
- 32. In informal engagement, some stakeholders discussed Monitor's standing as an independent regulator in the future, with some leaders of NHSFTs expressing the hope it would continue to respect their autonomy.
- 33. To prepare NHSFTs for the controls on agency and consultancy spend, the directorate arranged for HSJ to interview David Bennett the week before announcements by the Secretary of State and DH, and followed this by promoting the RAF consultation.
- 34. A summary of Monitor's media coverage during the period follows:

Item	Description	Coverage			Rating	
		L	S	N	FT Sector	Monitor only
Kettering General Hospital FT	s106 improvements in A&E and finances	3	2	0		
St George's NHS FT	Investigation into finances	4	12	0		
Adam Sewell-Jones's appointment	Promoted in context of 2015/16 business plan	2	6	0		
Launch of acute hospital Vanguards	Monitor reference in NHS England announcement	0	2	0		
Q4 performance report	£349m deficit across the FT sector in 14/15	22	10	27		
Tariff speculation	Report based on published Board paper	0	2	0		
Royal Cornwall NHS Trust	Application for FT status withdrawn	2	0	0		
David Bennett HSJ interview	Trail of changes to Monitor's regulatory regime	0	4	0		
Provider cost control measures	DH announcement and ALB follow-up	9	8	20		
GP services	Patients satisfied but still room for improvement	0	5	3		
Royal Stoke University Hospital	Overcrowding blamed on closures at Mid Staffs	0	0	2		
Robert Jones and Agnes Hunt FT	Investigation into RTT breaches	7	3	2		
Success Regime announcement	First three sites named in CEO NHS England's speech	20	11	25		
<b>Media and Rating Keys</b>						
L: 'Local' S: 'Sector' N: 'National'		Positive		Neutral		Negative

35. Publication of Monitor's Q4 performance report coincided with the NHS TDA's equivalent analysis; together these attracted widespread media coverage and renewed public debate about NHS finances. The Q4 report with accompanying [infographic](#) was the top-rated website content during this period of intense activity. By sharing Monitor's infographic on Twitter, it extended the organisation's reach from 15.4k on publication day to 161.4k on the following Tuesday.

36. Monitor announced the opening of an investigation into St George's University Hospitals NHS Foundation Trust just before polling day. The Trust had been

concerned that this inquiry could become a local election issue but this was outweighed by the concern that Monitor could be criticised for taking no action now that the Trust's problems were in the public domain.

### **Making sure essential services are maintained**

37. Although the Success Regime (previously known as Whole Systems Intervention) announcement was made by Simon Stevens in his speech at the NHS Confederation, Monitor briefed local partners and stakeholders in advance and handled local media on behalf of system leaders. Each of the 34 MPs in the affected areas were sent an email ahead of the announcement and briefed more than half individually by telephone. The directorate is working with DH on a follow-up briefing session for them.

### **Making sure procurement, choice and competition work in the interests of patients**

38. Publication of 'Improving GP services: commissioners and patient choice' went ahead after purdah ended. Despite the media's focus on the run up to the NHS Confederation conference, Monitor gained some national as well as trade coverage. This highlighted the findings of the patient survey accompanying the report. A positive reception was encouraged by:

- engaging the British Medical Association and the Royal College of General Practitioners early: both commented positively and offered to disseminate the report via joint webinars
- sending advance copies of the summary to Healthwatch England (HWE), National Voices, the Patients Association, Regional Voices and the National Association of Patient Participation (NAPP). HWE and the Patients Association publicly welcomed the report and NAPP agreed to promote it at their annual conference.

### **Making sure the NHS payment system promotes quality and efficiency**

39. On 1 June 2015 Monitor ran an afternoon's workshop for officials from the Health Select Committee, the House of Commons Library and the National Audit Office, briefing them on the work of Monitor's operational directorates and their future plans, including the organisation's response to the challenges facing NHS providers. Ministers have appointed two new Parliamentary Private Secretaries (PPSs): the directorate is meeting one individually and the other is helping plan the Whole Systems Intervention briefing for MPs.

40. Local price setting workshops: 11 workshops were held across the country between February and May 2015. There was positive feedback from the 254 finance, commissioning, contracting and planning directors and managers from commissioners and providers who attended: 99% of the 218 who fed back described it as worthwhile. They appreciated the opportunity to network and liked

the use of local payment examples, but requested more 'real world' and complex examples, for example on negotiation, in any future events, products, etc. There is a great appetite for more support and guidance through face-to-face events, webinars and online training/tools.

### **Making sure Monitor is a high-performing organisation**

41. As purdah guidance still applied, the directorate did not promote the publication of Monitor's business plan for 2015/16. Instead it included a link to the document with the announcement of Adam Sewell-Jones's appointment as Executive Director of Provider Sustainability.
42. The directorate is investigating a complaint that Monitor allegedly failed to properly investigate a potential breach of an NHSFT's licence.

### **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 the information in this report is exempt from publication under the Freedom of Information Act 2000.*