

To: The Board

For meeting on: 28 October 2015

Agenda item: 6

Report by: Executive Committee

Report on: Executive Report

Summary:

1. This report summarises key developments at Monitor since the Board meeting held on 30 September 2015.

EXECUTIVE COMMITTEE BUSINESS UPDATE:

2. At its meeting on 6 October 2015 the Executive Committee (ExCo) conducted the following business:
 - a. Confirming amendments to the ExCo's terms of reference following the establishment of the Operations Committee and the Provider Policy Executive.
 - b. Reviewing a summary of the organisation's year to date expenditure position as at 31 August 2015 and agreeing revisions to directorate budgets for the remainder of the year.
 - c. Considering proposals in relation to the Clinical Workforce project that had been undertaken by the Economics team and approving the publication of the team's report.
 - d. Reviewing information about Monitor's progress to date and agreeing further actions that Monitor would take with regard to the development and implementation of a programme to ensure that patients' interests were at the forefront of Monitor's policy and operational decision-making.
 - e. Considering an update in relation to the integration of Monitor and the NHS Trust Development Authority (NHS TDA).

PROVIDER POLICY EXECUTIVE BUSINESS UPDATE:

3. At its meeting on 14 October 2015 the Provider Policy Executive (PPE) conducted the following business:
 - a. Agreeing the proposed terms of Reference for the PPE.
 - b. Reviewing information about the work being carried out against the efficiency agenda, including the scale of the efficiency challenge and Monitor's approach to help address it, and a summary of the Carter review into NHS provider productivity and Monitor's engagement with it. PPE members endorsed the approach proposed in the Carter review.
 - c. Reviewing the progress and next steps with respect to resourcing for the Provider Sustainability directorate.
 - d. Considering a proposal to support the development of digital roadmaps (which describe the current digital capabilities of local areas and outline plans for progress towards 'paper free' over the next five years) through annual planning guidance and communications to providers. The benefits of undertaking this work were emphasised and PPE members confirmed their appetite to take on an active role in enabling and assuring improvement through the application of technology.
 - e. Approving the proposal to consult on the application of price caps across nursing, medical and other staff groups to the amount trusts could pay per hour for a temporary worker (both agency and bank).

PROVIDER POLICY UPDATE

A. New care models

4. Paul Dinkin (Senior Director, Provider Sustainability) has been seconded part-time to act as national lead for the New Models of Acute Care Collaboration, and as Monitor's senior representative on the New Care Models programme. This was deliberately designed to exploit synergies between the programme and the work of Provider Sustainability.
5. The outline support package for the first wave of vanguards (Multi-speciality Community Providers (MCPs), Primary and Acute Care Systems (PACS) and Enhanced Health in Care Homes) was published at the end of July. It signalled the establishment of focused support in eight distinct areas, including Integrated Commissioning and Provision (covering contracting, pricing, procurement and transactions), Workforce, Information Technology and Governance, and Evaluation and Metrics.

6. Since then work has been progressing to complete the selection of vanguard sites for the remaining new care models:
7. In July, eight sites were awarded Urgent and Emergency Care vanguard status.
8. On 25 September, a further 13 sites were awarded vanguard status for New Models of Acute Care Collaboration, each aimed at reducing avoidable variations in the cost and quality of care and/or supporting the clinical and financial viability of acute services.
9. Led by senior Monitor staff seconded to the New Care Models team, this part of the programme will support the development of:
 - 3 multi-specialty provider chains (Salford, Royal Free and Northumbria)
 - 3 specialty franchises (Moorfields, The Walton and The National Orthopaedic Alliance)
 - 7 clinical networks (including those focusing on maternity and paediatrics, cancer, inpatient mental health services, radiology and general acute services).
10. The team is currently conducting site visits to determine the support needs of the newly appointed vanguards, with a view to publishing an updated support package in November. This is likely to cover areas such as:
 - developing standard operating models for chains and franchises,
 - supporting the development of new organisational forms,
 - developing new licence conditions and accountability structures, and
 - tailoring the existing transactions assessment process to ensure it is appropriate for supporting the development of new care models.

Much of this support to the team will need to be provided by Monitor/NHS Improvement.

Integrated Commissioning and Provision support

11. Kelly Lin (Senior Manager, Provider Sustainability), has been seconded to the New Care Models team for 3.5 days a week to co-lead the coordination and development of support to vanguards on integrated commissioning and provision.
12. Representatives of Monitor's Cooperation and Competition Directorate have joined the New Care Models team in meetings with a number of vanguards to provide advice on procurement, patient choice and competition issues. The team is also working closely with the Somerset vanguard, and is providing informal such advice informally on an ad hoc basis to other commissioners and providers.
13. Discussions continue regarding how the commissioning regulations apply to vanguards and the best way to support implementation at pace. Our aim is to

ensure that the vanguards are a success, and that this success can be replicated. This means it is important the vanguard models of care are adopted in a way that takes account of the relevant regulatory frameworks designed to ensure that planned change works well for patients. If this does not take place, it will arguably be more difficult for other areas to learn from and replicate the new care models being taken forward by the vanguard areas.

14. The Pricing Team has begun to support the MCPs and PACS vanguards looking to shadow test capitation in 2016/17. This includes contributing to local finance and payment workstreams as subject matter experts. The Pricing team also runs the payment forum which works with selected vanguards to co-create methodology and prices for capitated payments for MCP and PACS vanguards. The latest payment forum addressed the question on scope of services to be covered by capitation, and practical considerations for shadow testing in 2016.

Other related activity

15. The Economics team is in the process of scoping a project to provide advice on vertical integration of health services at different stages in the care pathway, where more activity is expected in the future. The work will seek to identify how these changes could alter incentives and appropriate mitigations.

B. Agency controls

16. Following work across the Economics, Legal and Provider Policy teams (including that on clinical workforce per paragraph 2 above), on 15 October 2015, Monitor, in conjunction with NHS TDA, launched a consultation on price caps on the rates trusts can pay for agency staff. Subject to the consultation, these would come into force in late November 2015 for doctors, nurses and other staff, with the aim of ratcheting down the caps over the remainder of 2015/16 until they were at a level equivalent to the pay of substantive staff. A series of measures have been proposed by way of mitigation of risks to safety and operational performance.
17. These price caps would supplement the trust-level ceilings on nursing agency spend and mandatory use of approved frameworks, which are already in place.

C. Efficiency

18. A report on improving productivity in elective care was published this month and was warmly received by stakeholders. The report identifies areas where there is potential to significantly improve productivity by using NHS and international benchmarks. A similar project is now underway on elderly non-elective care, while a broader work programme is updating the 2013 *Closing the Gap* analysis.
19. Monitor is seconding staff to Carter review team to support conversations with providers on efficiency over the remainder of 2015/16. The Economics team has

led engagement on the metrics underpinning this work and the joint work with the Care Quality Commission (CQC) on their 'use of resources' assessments.

20. Monitor's Economics team is working with the Pricing team to update in-house the efficiency factor modelling for the tariff, delivered last year by Deloitte. New 2013/14 data has been incorporated and the modelling approach improved. Monitor's Economics team is also leading a project, agreed with NHS England, on driving efficiency through pricing.

D. National Improvement and Leadership Development Strategy

Improvement and Leadership Development

21. Following publication of the review of centrally funded improvement and leadership development functions and the Rose report on leadership in the NHS, the Arm's Length Bodies are now progressing with implementation of the recommendations. Ed Smith is chairing the steering group to oversee the immediate changes that will take place from April 2016.
22. Wide stakeholder engagement during the review highlighted that the transformation journey described in the Five Year Forward View (5YFV) would require large scale changes at local, regional and national levels. The review's recommendations recognised the need for organisations to work together across the local system to drive the level of change required. NHS Improvement will take a lead role to ensure that the growth of improvement and leadership capabilities are locally owned and delivered, supported by regional and national partners.
23. At the same time, a new national governing board for improvement and leadership development will meet in October, and monthly thereafter, to steer the development of the national strategies for capability building in improvement and leadership development. The board is jointly chaired by Ian Cumming, Chief Executive of Health Education England, for leadership development and Ed Smith for improvement, pending the arrival of Jim Mackey as Chief Executive for NHS Improvement. The national strategies will set out the national priorities for capability building and support individual provider and commissioner organisations to deliver on both the national and their local priorities.

Culture and Leadership

24. Monitor, in partnership with the NHS TDA and CQC, is leading a new two year programme to provide tools, methods and good practice guidance to enable providers to develop a local leadership strategy to enable cultural change.

25. Recent reports have all made recommendations for a fundamental cultural change in the NHS. This is echoed in the 5YFV which emphasised that achieving quality requires a 'caring culture, professional commitment and strong leadership'.
26. We are inviting three foundation trusts to work with us over the next two years and will be working with the King's Fund, led by Professor Michael West, a leading academic in team and organisational innovation and effectiveness. The work is organised into three distinct phases and we will be engaging widely with providers across the sector to co-design and share learning as this programme develops.

E. Success Regimes

27. The aim of the Success Regime is to support the transformation of challenged health economies so that they are clinically, operationally and financially sustainable. Monitor co-designed the Success Regime with the NHS TDA and NHS England and we are working together to implement the regime, including developing the overall policy and framework approach.
28. So far this year, the high level regime has been developed and in June 2015 three regions were announced: Essex, North, East and West Devon, and West, East and North Cumbria. Since June 2015 the following has taken place:
 - national governance arrangements for the Success Regime are in place between the tripartite, including reporting to the 5YFV Board
 - funding from the Transformation Fund for the first phase of work is in place
 - diagnostic work is underway in each of the three areas and as part of this the sites are: reviewing previous work done, engaging local providers and commissioners and developing hypotheses of potential routes for solution development.
 - meetings have taken place between the tripartite Chief Executives and Regional Directors to challenge each area's plans, including refining the focus of the diagnostic and accelerating the timescales to solution development
29. Monitor is working with the NHS TDA and NHS England on national products to support local implementation.

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. The Act protects against discrimination on grounds of age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion and belief, gender and sexual orientation. We have thought about how the issues dealt with in this paper might affect protected groups.

We believe the paper will not have any adverse impact upon these groups and that Monitor has fulfilled its duty under the Act.

Exempt information:

Some of the information in this report (the confidential annex) is exempt from publication under the Freedom of Information Act 2000.