Kingston Hospital NHS
NHS Foundation Trust

CHIEF EXECUTIVE'S REPORT

Name of meeting: Trust Board	**Item: 6**
Date of meeting: 29th January 2014	**Enclosure: C**
Purpose of the Report / Paper: To provide the Board with information on strategic and operational issues.	
For: Information ☒ Assurance ☐ Discussion and input ☒ Decision/approval ☒	
Sponsor (Executive Lead):	Chief Executive
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Risk Implications - Link to Assurance Framework or Corporate Risk Register:	The issues outlined in this report touch on many of the Trusts objectives and risks
Link to Relevant Corporate Objective:	The issues outlined in this report touch on many of the Trusts objectives and risks
Document Previously Considered By:	
Recommendations: The Trust Board is asked to note and discuss the updates provided in the report.	

Chief Executive's Report

January 2014

1. Summary

This paper provides the Board with an update on some of the key areas of activity that could impact upon the strategic development of the organisation. This includes SWL Pathology changes, Better Services Better Value (BSBV), Elective Orthopaedic Centre & Pay Awards.

It also provides a brief outline of the operational environment and activity since the last Board meeting. Appendix 1 provides information about communications activity.

2. External Environment

2.1 *Better Care Fund*

The Integration Transformation Fund has now been renamed the Better Care Fund (BCF). As highlighted to the Board in November 2013 this involves the creation of £3.8b of pooled budgets between health and social care starting from April 2015, to incentivise councils and local NHS organisations in England to jointly plan and deliver services so that integrated care becomes the norm by 2018. A small change is planned for 2014/15 to build momentum.

In response, Clinical Commissioning Groups (CCGs) are in the process of developing first drafts of their BCF plans which have to be received at Health and Wellbeing Boards by 14th February 2014. A subsequent version will be submitted to NHS England as part of CCG strategic and operational plans by 4th April 2014.

Over the past two months the Trust has continued to work with its two neighbouring CCGs to support the development of their BCF plans and to understand better the impact of this initiative. Both Kingston and Richmond CCGs have held workshops with key stakeholders and the Trust has participated in these. In Kingston, a further workshop is planned for 20th January 2014 at which the CCG are planning to share and review their draft BCF with stakeholders. A verbal update will be provided at the Board meeting.

The Trust has also met with local providers in Kingston to discuss the opportunities to work together in a more integrated way. One of the actions agreed by this group is to hold a joint ward round in February 2014, involving clinicians from the Trust, general practice and community services as well as Kingston CCG. This will enable all stakeholders to get a shared understanding of why certain groups of patients are in hospital and what would need to be in place for them to be cared for at home or in the community.

The vast majority of the pooled budget will be transferred from existing NHS resources. This creates risks for the Trust as even if acute activity reduces as a result of new integrated care initiatives, the Trust will not be able to reduce costs to fully match income losses as it will still need to meet its overheads. This risk has been reflected on the Trust's Corporate Risk Register and is being considered as part of financial planning for 2014/15 onwards.

2.2 *SWL Pathology*

Following the decision of Kingston, Croydon and St George's Trust Boards in September 2013 to create a shared pathology service for the three Trusts, formal consultation has taken place with Kingston Hospital NHS Foundation Trust and Croydon Healthcare NHS Trust staff over October and November over the transfer of their employment to St George's Healthcare NHS Trust from 1 April 2014 to create South West London Pathology (SWLP). The consultation was supported with an extensive programme of meetings and documentation and a formal response was published in November 2013. The next activities are to complete discussions and due diligence work on the legal contract that will create SWLP, and to develop a robust and detailed operational plan for the physical move of some of the specialties within the service. In parallel with this, the practical arrangements for transfer of staff will be finalised so that the move does not disrupt service delivery.

2.3 *Better Services, Better Value*

The six south west London CCGs who remained part of BSBV following Surrey Downs withdrawal (Croydon, Kingston, Merton, Richmond, Sutton and Wandsworth) announced at the beginning of January 2014 that the BSBV business case it now invalid and the options previously put forward will not be consulted on. They are dissolving the committees which were in place to make decisions regarding BSBV. However, the same challenges still exist in south west London around maintaining high quality services and the CCGs are actively discussing the next steps for local health services. The CCGs hope to make an announcement about this in February 2014..

2.4 *Changes in Richmond*

The Accountable Officer of Richmond CCG is leaving on 5th February 2014 to take up a similar role at Guildford and Waverley CCG. The CCG have appointed Jacqui Harvey to be interim Accountable Officer while the recruitment of the new Chief Officer is carried out. The CCG is also without a Chair following the resignation of Dr Andrew Smith as Chair in December and the CCG hope to have appointed a new Chair by the end of February. Dr Smith is however staying on as a member of the CCG. The Trust is continuing to work

effectively with the CCG during this time through established relationships and networks. The Richmond and Hounslow Community Trust have successfully recruited to their vacant Chief Executive role with Frank Sims who is currently the Accountable Officer for High Weald Lewes Havens CCG. He is due to take up his post in the next few months.

2.5 Monitor

Governance Reviews

Monitor has reissued its Code of Governance, following consultation. It is designed to support Trusts to deliver effective corporate governance and performance and confirmed their expectation that Foundation Trusts should review their governance at least every three years. Copies will be provided to Board members and are available on request.

The Board discussed the requirement for three yearly reviews of governance at the September 2013 Board meeting and agreed that having just gone through the Foundation Trust approvals process a full review would not be required until April 2015. However the Trust carries out annual reviews against the Quality Governance Memorandum and undergoes an annual review of effectiveness which has been developed against the Board Governance Assurance Framework, as well as reviews against the Risk Assurance Framework and the Monitor Licence and will be carrying out a self-assessment against the new requirements around strategic self-assessment as part of the annual planning process.

Regulatory action

A number of Foundation Trusts are undergoing some form of regulatory action. Eight are currently in special measures to address failings in patient care or the way in which the hospital is run and a number are under review for failure to comply with licence conditions which are predominantly around breaches of C.difficile targets, and issues around governance and finances. The Trust keeps an eye on issues raised and action taken by Monitor as part of its own ongoing review of performance.

Procurement, patient choice and competition regulations: guidance and hypothetical case scenarios

The Secretary of State for Health has approved Monitor's official guidance on the NHS Procurement, Patient Choice and Competition Regulations 2013, which implement Section 75 of the Health and Social Care Act 2012.This statutory guidance is required by law and is intended to support commissioners of NHS services in understanding and operating in accordance with the rules around purchasing high quality services for patients. Commissioners will be using this to guide their decision making and an engagement

programme is underway by Monitor and NHS England, to support commissioners and providers to understand expectations.

NHS foundation trusts – review of six months to 30 September 2013

Monitor has published its quarter 2 report summarising key trends drawn from the reports of the 147 authorised Foundation Trusts. At the end of Q2 out of 147 FT, 73% were rated green for governance, 16% red and 11 % were under review. Performance had improved on the 4 hour A & E waiting times target, however the performance was worse when compared with the same period last year. Monitor remains concerned about A & E performance given the onset of winter pressures. Performance against cancer targets had deteriorated and further work was underway to understand the reasons for this. There was a slight fall in the number of C.difficile cases against the same quarter last year. As at this point in time Foundation Trusts were £23 m overall behind plans for end of year surplus. However the majority of trusts had broken even or were in surplus and 70% of the deficit was attributable to just 12 trusts. Delivery of the CIP programme was 17% below plan. A slide presentation on key themes is available here: http://www.monitor.gov.uk/performance

Monitor's role in promoting patient welfare this winter

Monitor has agreed to supplement its routine monitoring of the operational performance of foundation trust hospitals to help them tackle any seasonal pressures on emergency care. The health sector regulator is to step up its scrutiny and support of foundation trusts to ensure patients are treated promptly in A&E this winter. Under the new arrangements, Monitor will:

- Monitor foundation trust achievement against the national A&E standard on a weekly basis using data already available within Trusts.
- Support Trusts to identify any local barriers to treating patients within four hours and what can be done to overcome them.
- Agree any remedial actions with the trust, taking local factors and issues into account.

Where it is clear that foundation trusts need help from other parts of the local health economy to meet A&E targets, such as commissioners or social care providers, Monitor and the other members of the tripartite panel (NTDA and NHS England) will work with local Urgent Care Working Groups to find effective solutions. The leaders of the tripartite panel will meet weekly with the Secretary of State to review progress and agree any steps that may need to be taken nationally to support the work being done locally.

More detail on the trusts winter planning is available separately in this report.

3 Internal Environment

3.1 Annual Planning Review Guidance 2014/15

At the end of December 2013 Monitor issued its annual planning review guidance for 2014/15. Monitor will divide its annual plan review into two distinct phases, the first focused on operational planning and the second focused exclusively on strategic planning:

Phase 1 – Operational Plan 2014/15-2015/16

The first phase of the Monitor review will assess the strength of the Trust's operational plans to address the two year short term challenge to 2015/16. Two year supporting financial projections will be required. Monitor will seek to understand the degree to which the Trust has started planning for and begun implementing transformational initiatives.

This submission is now required on 4th April 2014 and Monitor will undertake their review April to May 2014.

Given the change in submission date from June 2014 to April 2014, the plan will now come to the Board for approval in March 2014 rather than May 2014. Prior to this the plan will be discussed with the Council of Governors.

Phase 2 – Strategic Plan 2016/17 – 2017/18

The second phase of the Monitor review will focus on the robustness of the Trust's strategies to deliver high quality patient care on a sustainable basis. During this phase, the Trust will be asked to present five year financial projections and there will be a particular focus on the degree to which the Trust has developed realistic transformational schemes and aligned those with the plans of commissioners and other providers in the local health economy.

This submission is required on 30th June 2014 and Monitor will undertake their review July to September 2014.

The development of the strategic plan will be discussed further at the Board Development day on 26th February 2014. Arrangements will be made enable input from the Council of Governors and this was discussed with the Council of Governors' Strategy Group on 8th January 2014.

Monitor has provided a self-assessment toolkit for Boards to use in assessing the effectiveness of Trust strategic planning. The executive team will work through the assessment so that outputs can be reviewed and debated at the Board Development day on 26th February 2014.

Monitor will provide initial feedback to foundation trusts following the first phase review in May 2014 and final feedback will be provided on completion of the second phase review in October 2014. Monitor will work closely with NHS England and the Trust development Agency to ensure the Trust's plans are triangulated with the rest of the local health economy. Where any weaknesses are identified in planning or Monitor assess that a foundation trust is not adequately addressing risks to its stability or sustainability, they will take appropriate regulatory action. For the first time, this could include requiring a foundation trust to resubmit its plan.

3.2 *The Care Quality Commission 2013 Survey of Women's Experiences of Maternity Care*

The CQC published the results of the national maternity survey into care during labour on 12th December and Kingston Hospital's services were rated by mums as the best in London and among the top 20% in the country. This was also the case with the 2010 survey. 227 women returned a completed questionnaire, resulting in a response rate of 61%, much higher than the average of 45% response. The service was rated the most highly for:

- Women felt that their partners were involved in labour and birth
- Women reported that call bells were answered within 5 minutes
- Women felt they were spoken to in a way they understood
- Women felt they were treated with dignity and respect
- Women had confidence and trust in the staff
- Women reported that the bathrooms, toilets and rooms were clean

3.3 *Digital Communication with Patients*

The Trust hosted an event in December 2013 where patients and staff debated the merits and risks of broadening the range of communication options between the Trust and patients.

The event generated a lot of useful ideas that are being considered in developing the Trust's approach in this area.

3.4 *Budget setting and Cost Improvement Programmes*

National context

Guidance has recently been released covering planning assumptions for 2014/15, the national tariff, allocations for CCGs and the 2014/15 standard contract. Key headlines are as follows:

All CCGs will all receive a 'floor' uplift of 2.1%. A differential further element is allocated based on 'distance from fair target'. The end result for our major CCGs is as follows: Kingston CCG is an uplift of 3.7% and Richmond CCG of 2.83%, surrey Downs 2.14%.

Provider efficiency of 4% is expected for 2014/15. This will manifest itself for providers as there will be no funding for inflation (assumed to be 2.5%) and the national tariff is going down by 1.5%.

All current operational targets will continue into 2014/15 (this includes focus on 95% accident and emergency four hour target, 18 weeks referral to treatment time., readmission penalty policy, c-diff penalties etc.)

This is the first year of the Better Care Fund and although the impact in 2014/15 is potentially low, significant work is required to plan the impact for 2015/16.

The planning guidance for FTs (from Monitor) is that Trust need to plan for a 'Continuity of Service Rating' better than 2*[1].

Budget setting and Cost Improvement Programme at Kingston

The Trust has commenced its budget setting process. The Trust is planning to achieve I/E surplus of £2.3m for 2014/5 (required to give us a COSR of 3), is planning capital expenditure of £7.2m and cash is planned to be £9.1m at the year-end (an improvement of £1.8m). Both of these figures are in line with the figure in the five year Integrated Business Plan. This level of surplus combined with other metrics achieves a Continuity of Service Rating of 3.

It should be noted that the capital expenditure plan noted above of £7.2m excludes any element of the capital expenditure required to achieve the recently agreed Estates Strategy. The Trust is working up the individual schemes underpinning the strategy and discussing the financing options with the FT Financing Facility.

The focus for budget setting will be the Service Line; pay, non-pay and income budgets will be signed off by each Service Line. To achieve the surplus noted above and cover the in-year pressures (inflation, tariff deflator, other cost pressures), the Trust has calculated that a cost improvement programme of between 6% and 7% (around £10m) is required. This is broadly similar to last year. This figure has been allocated out equally to all of the service lines. A number of work-up meetings have been held with service lines to help with ideas and the ideas are coalescing into concrete plans. The aim is to have this finished by the end of February 2014.

[1] Continuity of Service Rating has taken over from Financial Risk Rating. It consists of two components to assess short- and medium-term risk to the continuity of services; the two metrics are: i) Liquidity - this ratio indicates whether the provider can meet its operational cash obligations, ii) Capital Servicing Capacity: this ratio indicates whether the provider can meet its financing obligations ie. its EBITDA to debt obligations ratio. There are 5 categories (4, 3 – good, 2* (material risk, but stable), 2 (material risk), 1 (significant risk)

The Trust has commenced working with the CCG on setting the contract for 2014/15 and aims to have this concluded by 31st March 2014

3.5 *CRS Update*

Following the CRS upgrade in early September, the Trust experienced a significant number of issues, which affected both operational areas and reporting.

Currently, there are 15 issues open with BT/Cerner, that require resolution.

The issues (at 8th January 2014) are summarised as follows:

- 12 reporting issues, of which 5 have been delivered back to the trust for testing, with the remainder under investigation.
- Other are non-reporting issues which are being investigated by Cerner.

This position is being monitored on a daily basis with regular conference calls with BT and Cerner.

Good progress has been made in resolving the outstanding Medicines Management and Clinical Documentation issues in preparation for roll out of these elements later this year.

3.6 *Use of the Trust seal*

As reported to the confidential session at the last meeting of the Trust Board, the Trust has given notice on the lease for the 2nd floor of Hanover House.

As part of the move the Trust was required to sign and seal Settlement Deed. This had not been authorised by the Trust Board at a previous meeting but due to requirement to vacate the property by 15th November the use of the seal was authorised by the Chairman and Michael Jennings as Chairman of the Finance and Investment Committee.

4 Operational performance

4.1 *Service Line Management*

The roll out of service line management continues, and the Executive team and corporate services continue to provide support to newly appointed service line Clinical Directors and Service Managers to embed this new way of working. Some initial training, such as budget training, has been undertaken with individuals as required, and all senior leaders will be participating in a leadership development course. This has been launched this month, and will continue over an 18 month period. Budget setting, CIP planning and the annual planning process are all being undertaken with individual service lines, to ensure local clinical ownership of the Trust 2014-15 annual plan. Service lines are also working with the

Director of Strategic Development to develop commercial strategies to underpin the planning cycle.

A process has been developed to accredit service lines, which requires the service line to demonstrate that it is managing its operations and risk processes appropriately (including use of an agreed balanced scorecard), that it has a clear strategic vision, and that it has considered its relationships with other service lines across the Trust. In early January the Executive Management Committee received its first accreditation presentation from the maternity leadership team as part of this process. The presentation was led by Clinical Director Diana Fleming with support from Head of Midwifery Anna Dellaway and Service Manager Lyndsey Smith. Maternity is now the Trust's first officially accredited service line and will benefit from a range of freedoms including the ability to make decisions such as recruiting staff without having to fill in a form and seek authorisation and access to a pot of capital funds to spend as they see fit. A pipeline to accredit more services over the next few months is being refined.

4.2 *Winter Planning*

In 2013, the Trust developed a robust plan to manage winter pressures which included the identification of additional beds and staff across a range of disciplines. The Trust was also successful in securing additional funding to support the winter pressures and has as a result of this been able to increase staffing at weekends particularly in pharmacy, phlebotomy and therapies.

Since Christmas 2013, the Trust has used up to a maximum of 72 additional beds, which was slightly higher than the planned escalation to 60 beds, although this number has now reduced back in line with the trajectory of the winter plan. The winter plan predicts that there will be further occasions when the Trust will need to escalate back up to maximum to accommodate further surges in activity/acuity of the patients. Elective activity has been maintained during this period.

Analysis of activity has shown that A&E attendances were slightly lower in December 2013 compared with the previous year but the number of very sick patients remained the same. The proportion of admissions that could be diverted onto an emergency ambulatory care pathway decreased significantly, from around 35% in the summer, to only 20% of medicine emergency admissions in December. This reflects the increased complexity of conditions that were presenting at the hospital. As expected, the number of very elderly patients, within the hospital, increased over the Christmas and New Year period. Detailed analysis of the delayed transfers of care during this period has not yet been completed but early indicators are that the number of patients waiting for rehabilitation at Tolworth Hospital has

increased and that there have been delays in organising packages of care for patients returning home.

The Trust continues to work with colleagues in the community to facilitate the discharge of patients requiring on-going support.

4.3 *Communications*

The Team have been working on a number of campaigns and projects since the last Trust Board meeting in November, in particular the development of a new Communications Strategy and supporting the development of a Volunteering Strategy. Other projects include:

- Development of a campaign to promote new visiting times;
- Co-ordinating and promoting the Monthly Staff Excellence Awards process;
- Finalising the new Trust website;
- Patient information screens;
- Production of Team Briefing;
- Support for the Executive Team Walkabouts;
- SW London Pathology communications;
- Communications around Christmas festivities;
- Maternity survey publicity;
- Launch of a new members' e-bulletin

On a daily basis the team also monitors news sites, updates on our social media feeds (Twitter and Facebook) and compiles staff emails/updates. The number of followers we have on Twitter is now more than 4,500.