Ashford and St. Peter's Hospitals NHS
NHS Foundation Trust

COUNCIL OF GOVERNORS
7th December 2011

TITLE	**Compliance Framework-In year Monitoring**
EXECUTIVE SUMMARY	In accordance with Monitor's Compliance Framework, the Trust is required to submit to Monitor, on a quarterly basis, information on the Trust's performance in both financial and operational terms. This includes performance against various national targets. As a recently authorised foundation trust we are subject to quarterly monitoring for the first two years of operation. The Trust has now submitted its Q2 return for 2011/12 with an Green rating on performance and a FRR of 3. The attached report summarises the content of the return and the position year to date for Q2. The Board agreed ▪ Governance Declaration 1 ▪ Quality Declaration 1 ▪ Finance Declaration 1.
The Council is asked to:	Note the submission
Submitted by:	Andrew Liles Chief Executive
Date:	23 November 2011
Decision:	For Noting

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1 INTRODUCTION

The Trust submitted the Quarter 2 Compliance Return to Monitor on 31st October 2011.

The Compliance Return covers the following:

- Governance Declaration;
- Finance Declaration;
- Quality Declaration;
- Board Changes and Elections;
- Targets and Indicators
- Finance Risk Indicators; and
- Financial Returns for Quarter 2

2 QUARTER 2 SUBMISSION

2.1 Scope of Governance Declaration

The Governance Declaration relates to

1. Performance against national targets and indicators
2. Provision of mandatory goods and services

If the Trust had been issued with conditions associated with its CQC registration these would need to be added. No conditions or concerns have been issued by the CQC.

The targets and indicators included in the submission are derived from the Operating Framework 2011/12 (these are updated annually by Monitor). A copy of the return is attached.

Each target or indicator is given a threshold for achievement and a weighting for the impact on non achievement. These then form a score which leads to the calculation of the Trust's overall performance.

Green=	A score of less than 0.9
Amber-green=	A score from 1.0-1.9
Amber-red=	A score from 2.0-2.9
Red=	A score of 3.0 or more

2.2 Commentary on Governance Declaration

The Trust has achieved an overall performance rating of green for Quarter 2. The Trust Board agreed the self certification for Q2 would be Declaration 1:

> 'The Board confirms that all targets and indicators have been met (after application of thresholds) and that sufficient plans are in place to ensure that all known targets and indicators which will come into force will also be

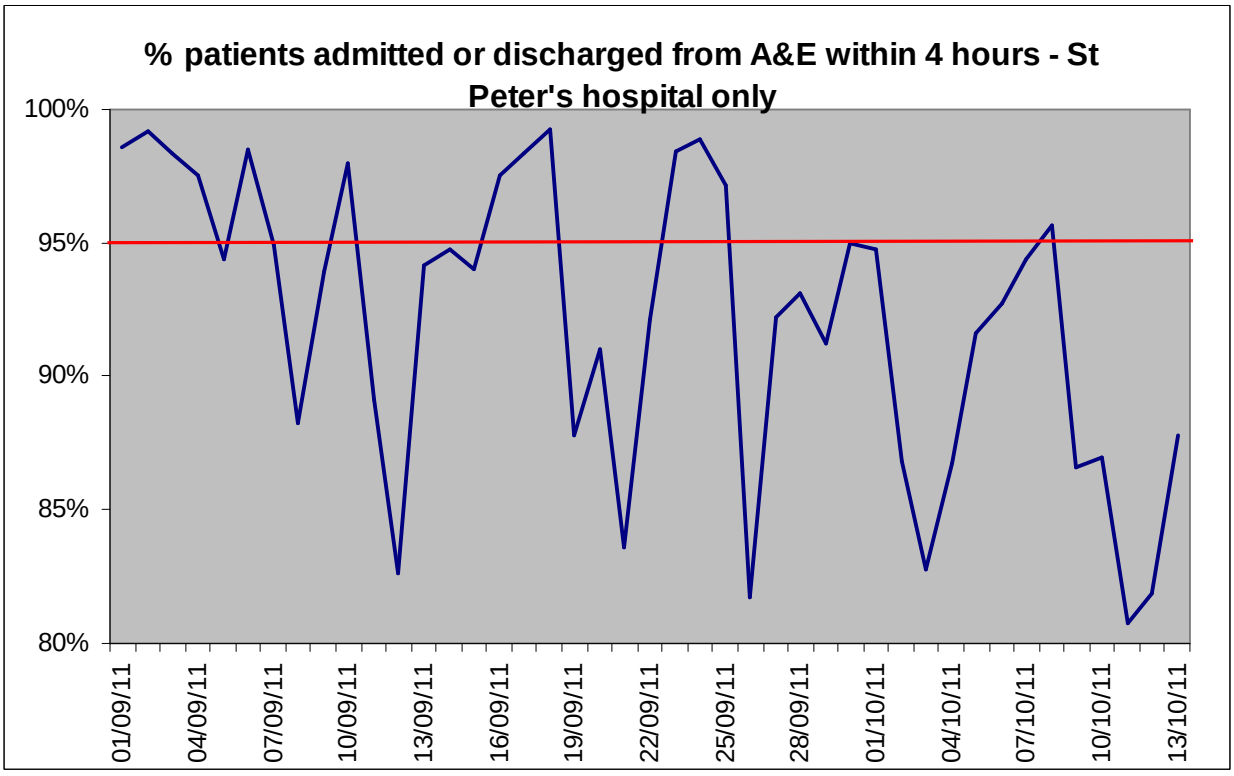
met.'

2.3 Forward Look on Governance Declaration

It is anticipated that the Q2 level of performance will continue in Quarter 3, although ensuring that 95% of patients spend less than 4 hours in the A&E Department remains a risk.

A&E performance

The graph below shows the percentage of patients that were admitted or discharged from A&E at St Peter's Hospital within 4 hours of arrival



Delivering the target of a maximum wait of 4 hours for 95% of patients remains a significant challenge and performance for the Trust as a whole stands at 92.8% for the quarter to date.

Work to improve patient flow continues through the Unscheduled Care Programme, of which the next key milestone is the opening of the Clinical Decisions Unit on 1st December 2011. This development is anticipated to have a direct positive impact on waiting times and the delivery of the 4 hour target by creating more capacity within the A&E Department. Delivery of the actions outlined in the Calm, Ordered Care plan will also support this aim.

In addition to this, and in response to continued poor performance on the St Peter's hospital site, a number of immediate actions were implemented within the Division of Medicine during the week commencing 31st October 2011. These include:

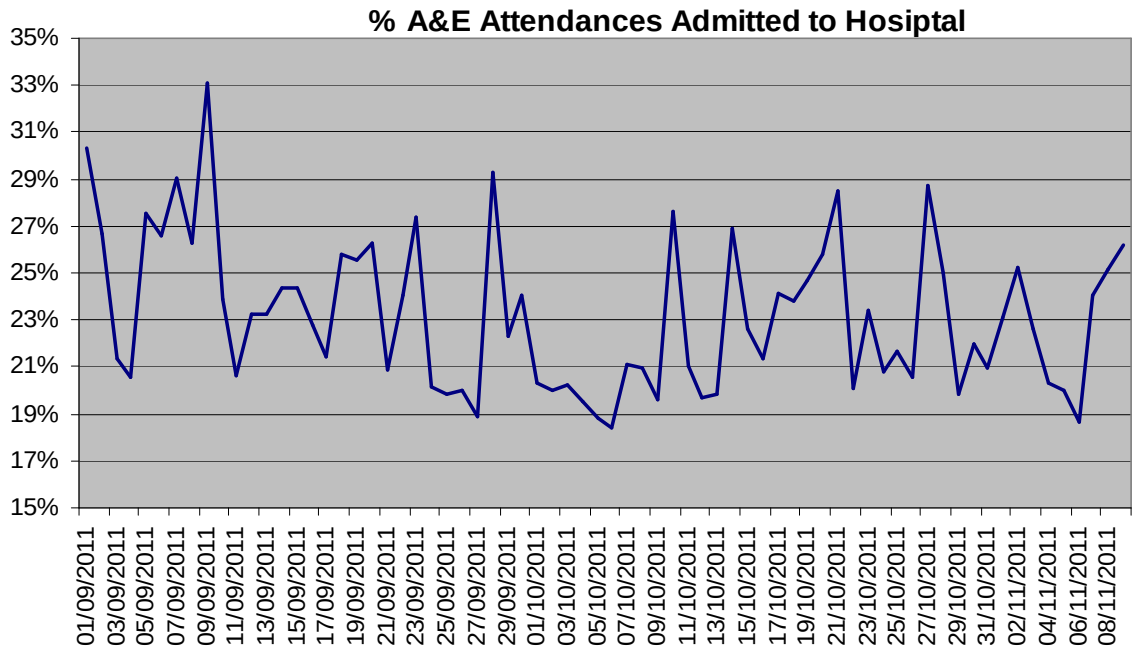
- The establishment of an "outlier team" comprising of a consultant, registrar and senior nurse and with support from therapies and pharmacy. The team operates during working hours, Monday to Friday.
- The instigation of a weekend "discharge team" comprising a consultant and

registrar. The team operates during the day on Saturday and Sunday.

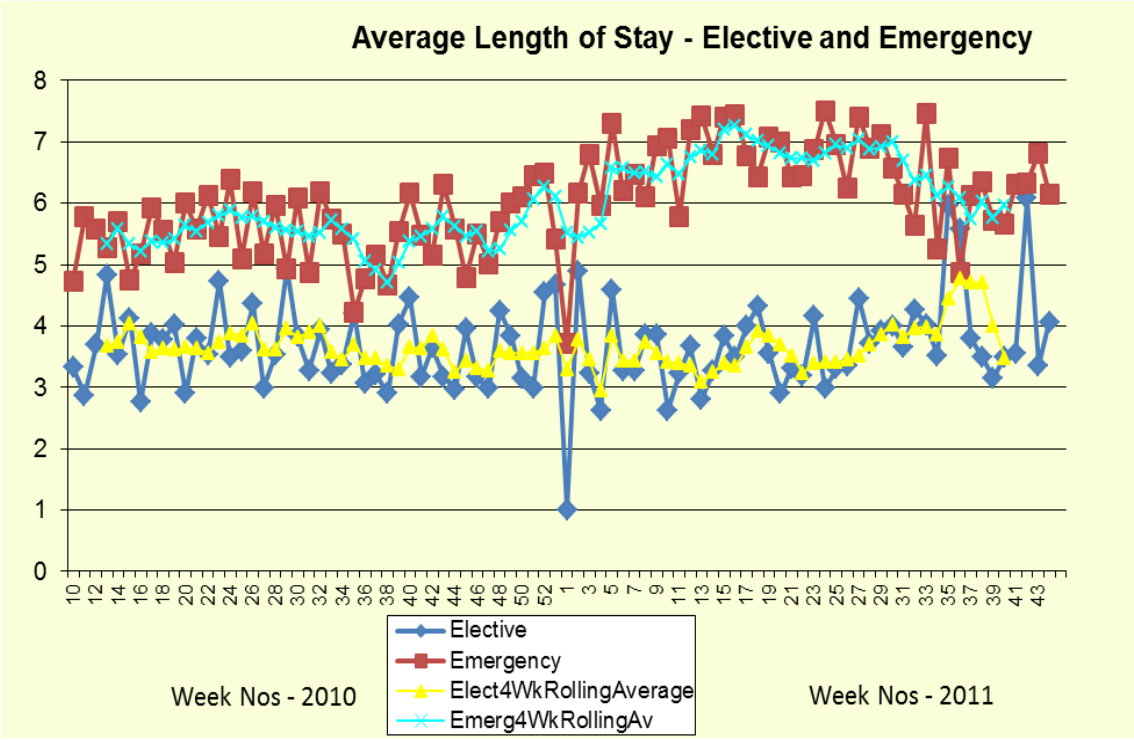
- The introduction of an additional Consultant Physician based in the A&E Department from 20:00 to 00:00 on weekdays to support the management of the medical take.

Although early indicators suggest that these measures have had a positive impact, another challenging weekend on 12th and 13th November demonstrated that there is still further work to do and an additional set of interim measures have been put into place. These include additional support in the A&E Department to better manage patient flow, further escalation measures and the introduction of weekend debriefs to ensure that good practice is shared and any issues identified are addressed.

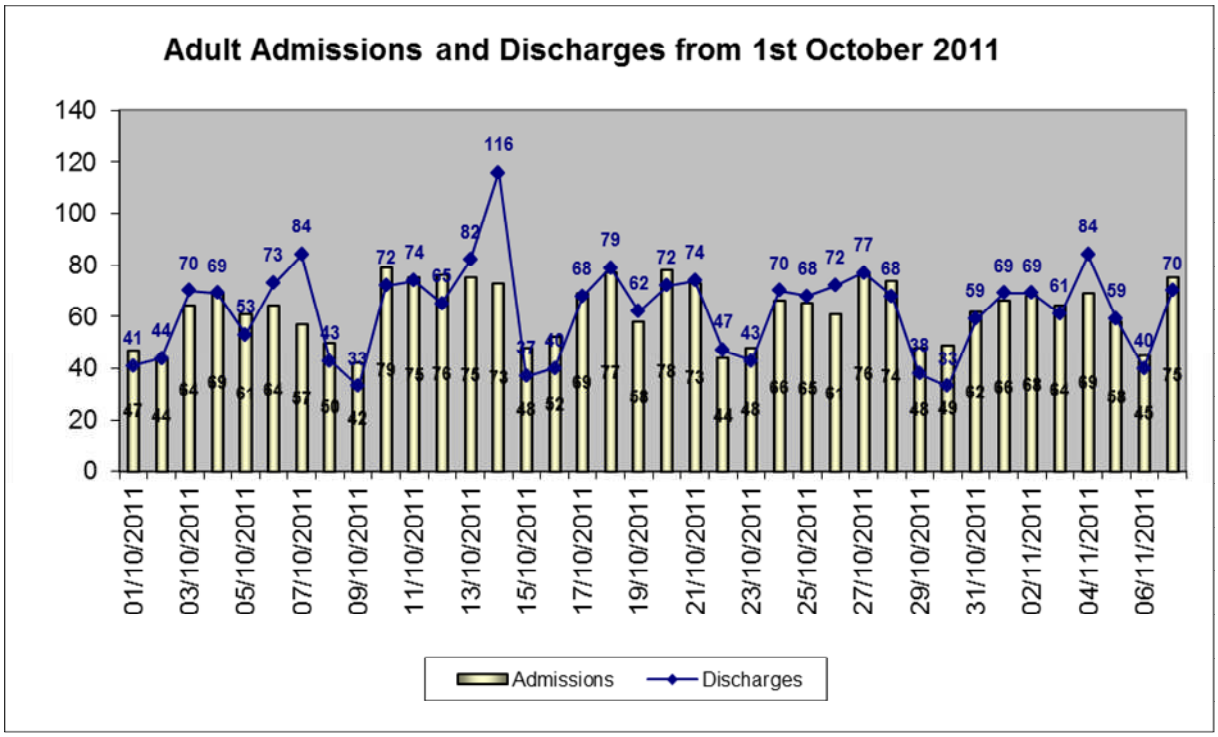
At the same time, and as the graph below shows, the reduction in the percentage of patients admitted to hospital via the A&E department has been sustained, suggesting that measures taken to reduce the number of admissions continue to have an impact.



To support delivery of the A&E standard and to ensure that measures to improve patient flow have been successful, the Trust is also actively monitoring average length of stay. The graph below shows average length of stay by week for the last 12 months. The key message is that average length of stay for non-elective patients has remained steady for the last few weeks. Although further work is needed to reduce length of stay, this is good news in the context of holding improvements during the onset of winter pressures.



Whilst measures to reduce admissions seem to be working and average length of stay has fallen, the Trust is still experiencing difficulty maintaining patient flow. As in September, this has been characterised by the number of admissions exceeding the number of discharges on a frequent basis. As the graph below shows this has happened on 15 of the last 38 days. This is, however, an improvement on the position recorded in the October report where admissions had exceeded discharges on 20 of the last 41 days. Improving the discharge process is a key work stream in the Unscheduled Care Programme and work is also underway with the Divisional General Managers and Heads of Nursing to put processes in place to support discharge earlier in the day (i.e. before lunch) where appropriate.



2.4 Quality Declaration

The Compliance Framework 2011/12 introduced a new requirement for Boards to self certify on a quarterly basis regarding Quality.

ASPH undertook the full Quality Governance Assurance process during our authorisation assessment and revisited and refreshed this at the Annual Plan self certification stage in May. The Board also receives a detailed Quality report at both its open and closed sessions each month.

The Board agreed to self certify Declaration 1:

> 'The Board is satisfied that, to the best of its knowledge and using its own processes and having had regard to Monitor's Quality Governance Framework (supported by Care Quality Commission information, its own serious incidents, patters of complaints, and including any further metrics it chooses to adopt), its NHS Foundation Trust has, and will keep in place, effective arrangements for the purpose of monitoring and continually improving the quality of healthcare provided to its patients'.

2.5 Finance Declaration

The Board agreed the content of the financial submissions and Declaration 1:

> 'The Board anticipates that the Trust will continue to maintain a financial risk rating of at least 3 over the next 13 months'.
>
> be submitted.

A summary M7 financial report is attached.

2.6 Summary

The Board agreed the content of the Q2 submission as:

- Governance Declaration 1
- Quality Declaration 1
- Finance Declaration 1

3 RECOMMENDATION

The Council is asked to note the content of the Q2 submission and the position year to date for Q3.

Andrew Liles

COUNCIL OF GOVERNORS
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Month 7 Finance Report for the Council of Governors

2011/12 Trading Position

Month 7 Income and Expenditure

	YTD Actual £m	YTD Budget £m	YTD Variance £m
Clinical Revenue	119.7	117.6	2.1
Other revenue	9.9	9.8	0.1
Total Revenue	**129.6**	**127.4**	**2.2**
Pay costs	(81.5)	(79.3)	(2.2)
Non-pay costs	(39.8)	(38.1)	(1.7)
Total costs	**(121.3)**	**(117.4)**	**(3.9)**
EBITDA	**8.3**	**10.0**	**(1.7)**
Depreciation & Amortisation	(4.5)	(4.8)	0.3
Impairments	(0.2)	(0.5)	0.3
PDC Dividend	(2.8)	(2.8)	0.0
Other	0.1	(0.3)	0.4
Net Surplus/(Deficit)	**0.9**	**1.6**	**(0.7)**

Clinical income was £2.1m ahead of budget. Activity is down on plan on day cases and emergency work, but more complex cases and a prudent approach to setting the income budget led to a favourable income variance. This is after allowing for the first £2m of over performance which NHS Surrey will retain.

Additional staff costs were incurred in the earlier months due a number of factors, including escalation beds being open for longer than usual as the winter period came to an end. In addition high cost medical agency is generating an overspend in the Trust's Accident & Emergency department. The run rate of staff cost has encouragingly come down and the Trust has spent less on pay when compared to the same point in 2010/11.

Cost saving targets which are budgeted at £12.0m for the full year yielded less than planned in the first seven months which is one of the factors behind expense overruns.

EBITDA was £1.7m behind target as the expense overshoot was more than the additional income. However some compensating underspends on below the line (post EBITDA) costs saw the surplus £0.7m behind target at month 7.

Monitor Financial Risk Ratings

				FRR Score	
Monitor Metrics	**Weighting**	**Current**	**Forecast**	**Current**	**Forecast**
EBITDA Margin	25%	6.4%	7.1%	3.0	3.0
EBITDA % of Plan	10%	83.1%	92.0%	3.0	4.0
Return on Capital Employed (%)	20%	4.3%	5.3%	3.0	4.0
I&E Surplus Margin (%)	20%	0.8%	1.5%	2.0	3.0
Liquidity Ratio (days)	25%	28	22	4.0	3.0
	Weighted Total Score			**3.1**	**3.3**
	Capped Total Score			**3.0**	**3.0**

The Financial Risk Rating (FRR) is a composite financial indicator used by Monitor as an overall measure of a Foundation Trust's financial health. Scores are in the range 1 (poor) to 5 (very good). If the score falls below 3, Monitor considers this to be a risk and may require a series of "remedial" measures to be put in place.

Whilst the ratings were lower in earlier months of the financial year due to the seasonal profiling of income and the impact of cost overruns, the FRR has since recovered to 3, in line with plan. Note that financial information is reported to Monitor on a quarterly basis.

John Headley
Director of Finance and Information
November 2011

Monitor Compliance Framework - Governance Indicators Financial Risk Ratings

Safety:		11/12 Threshold	Weighting	Monitoring Period	11/12 YTD Plan	Q1	Q2	Q3	Q4	YTD
Clostridium Difficile - meeting the Clostorium Difficile objective		33	1.0	Quarterly	18	8	4	2		14
MRSA - meeting the MRSA objective		4	1.0	Quarterly	2	0	2	0		2
Quality:		**Threshold**	**Weighting**	**Monitoring Period**	**11/12 Plan**	**Q1**	**Q2**	**Q3**	**Q4**	**YTD**
All Cancers: 31 day wait for second or subsequent treatment (surgery)	Surgery anti-cancer drug treatments	94% 98%	1.0	Quarterly	94% 98%	100% 100%	98.11% 100%	100% 100%		99.20% 100%
All Cancers: 62 day wait for first treatment from urgent GP referral to treatment	urgent GP referral consultant screening service	85% 90%	1.0	Quarterly	85% 90%	90.91% 95.83%	91.61% 96.97%	93.70% 92.30%		91.70% 95.70%
All Cancers: 31 day wait from diagnosis to first treatment		96%	0.5	Quarterly	96%	98.89%	100%	98.70%		99.40%
Cancer: 2 week wait from referral to date first seen	all cancers symptomatic breast patients	93% 93%	0.5	Quarterly	93% 93%	96.75% 94.86%	97.57% 95.53%	98.40% 94.50%		97.40% 95.20%
A&E	95th Percentile (Q1) Total time in A&E (95%)	95%	1.0	Quarterly	95%	3:59:00 94.23%	96.27%	93.51%		94.99%
Stroke indicator		TBC	0.5	Quarterly	80%	86.39%	80.06%	86.10%		83.20%
Patient Experience:		**Threshold**	**Weighting**	**Monitoring Period**	**11/12 Plan**	**Q1**	**Q2**	**Q3**	**Q4**	**YTD**
Referral to treatment waiting times - admitted (95th percentile)		<23 Weeks	1.0	Quarterly	<23 Weeks	25.20	21.09	19.89		22.68
Referral to treatment waiting times - non admitted (95th percentile)		<18.3 Weeks	1.0	Quarterly	<18.3 Weeks	16.49	16.25	16.40		16.37
Compliance with requirements re access to healthcare for people with a learning disability.		Annual Target	0.5	Quarterly						
Indicative Governance risk rating						A/G	G	A/G		
Financial Risk Score		**10/11 Scores**	**Weighting**	**Monitoring Period**	**Current Score**	**Q1**	**Q2**	**Q3**	**Q4**	**Yr End Forecast**
1. Underlying Performance - EBITDA Margin		3	25%	Annual	6.40%	3	3	3		3
2. Achievement of Plan - EBITDA achieved		4	10%	Annual	83.10%	3	3	3		4
3. Financial Efficiency - Return on Assets		4	20%	Annual	4.30%	2	3	3		4
4. Financial Efficiency - I&E Margin		3	20%	Annual	0.80%	2	2	2		3
5. Liquidity - Liquidity Ratio*		4	25%	Annual	27.5	4	4	4		3
Weighted Average Rating		3.6				2.9	3.1	3.1		3.3
Overall Rating		4	100			3	3	3		3

Notes:

Monitor Compliance Framework produced monthly, where the reporting month is not a quarterly submission date performance will be for the quarter to date.

The Financial Risk Ratings table shows the Monitor FRR at the quarter end period calculated in accordance to the Monitor guidance. For the individual ratings, the RAG is: 3,4,5 = Green and 1&2 = Red.

The Financial Risk Rating Sensitivity Matrix is also included which shows the headroom against those individual ratings. This illustrates the movement before a change in rating score would be triggered.

Governance Indicators:

There are currently no issues in Quarter 3 . All Governance Indicators have been met and are rated green. The overall Governance Risk rating is also Green.

Financial Risk Rating Sensitivity Matrix

	Weighting	5	4	3	2	1
1	25%	11%	9%	5%	1%	<1%
2	10%	100%	85%	70%	50%	<50%
3	20%	6%	5%	3%	-2%	<-2%
4	20%	3%	2%	1%	-2%	<-2%
5	25%	60	25	15	10	<10