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

COUNCIL OF GOVERNORS
18th May 2011

TITLE	**Compliance Framework-In year Monitoring Quarter 4 Submission to Monitor**
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 Q4 return with a Green rating on performance and a FRR of 4. The attached report summarises the content of the return.
The Council is asked to:	Note the submission
Submitted by:	Andrew Liles Chief Executive
Date:	23 April 2011
Decision:	For Noting

COUNCIL OF GOVERNORS
18th May 2011

1 Introduction

The Trust has to submit a Quarterly Compliance Return to Monitor; the Q4 return was submitted on 31st May 2011.

The Compliance Return covers the following: -

- Governance Declaration;
- Finance Declaration;
- Board Changes and Elections;
- Targets and Indicators;
- Finance Risk Indicators; and
- Financial Returns for Quarter 4

The self certification needed to include confirmation that not only has the Trust met all the performance standards in the quarter, but that it will continue to do so for the rest of the year.

An extract of the Q4 submission is attached.

2 Part 1: Governance declaration including Targets and indicators

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 Care Quality Commission (CQC) registration these would need to be added. No conditions or concerns have been raised by the CQC.

The Trust has assessed itself as green against the Compliance Framework.

2.1 Targets and Indicators

The targets and Indicators included in the submission are derived from the Operating Framework 2010/11 (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

The only indicator where the Trust failed to achieve full compliance was in respect of screening elective patients for MRSA where we achieved 99.8% against a100% threshold. This scores 0.5 resulting in an overall green rating for Q4. As the threshold has not been met the Trust cannot sign Declaration 1.

Therefore the Board agreed to submit Declaration 2

> For one of more targets the Board cannot make Declaration 1 and has provided relevant details on worksheet 'Targets and Indicators' in this return. The Board confirms that all other health care targets and indicators have been met over the period (after the application of thresholds) and that sufficient plans are in place to ensure that all known targets and national core standards that will come into force will also be met.

However it should be noted that the Trust's performance across the Quarter was extremely good. Monitor publish a quarterly report on the performance of Foundation Trusts and it is interesting to note the following extracts as context:

> 'The majority of trusts are operating with a green rating for governance risk (77 at quarter two). The breakdown of governance risk ratings at quarter three is:
>
> - 75 foundation trusts (57%) are rated green;
> - 32 foundation trusts (24%) are rated amber-green;
> - 15 foundation trusts (11%) are rated amber-red; and
> - 10 foundation trusts (8%) are red-rated (down
>
> Meeting healthcare targets continues to remain a challenge for the sector with only 58 foundation trusts (44%) declaring no target breaches at quarter three (compared to 42% at quarter two).
>
> Cancer targets continue to be the most significant service performance issue driving governance risk, with 25 trusts found to be in breach at quarter three (28 at quarter two). The targets causing the most concern are the 62-Day Wait For Treatment From Consultant Screening Service Referral (nine breaches) and the 62-Day (urgent GP Referral To Treatment) Wait For First Treatment (13 breaches).'

In summary, compared with the Q3 Monitor analysis, ASPH is a strongly performing Foundation Trust.

3 Part 2: Finance Declaration

The Board confirmed its Declaration that we anticipate that the trust will continue to maintain a financial risk rating of at least 3 over the next 13 months.

A summary finance report is attached.

4 Part 3: Board changes and elections

Since the Quarter 3 submission the following changes to Board membership have occurred:

1. Jim Gollan appointed as Non Executive Director with effect from 31 March 2011

2. Clive Goodwin appointed as Non Executive Director with effect from 31 March 2011

No elections have been held since authorisation.

5 Recommendation

The Council is asked to note the content of the Q4 submission.

Andrew Liles

Monitor Compliance Framework

March 2011

Monitor Compliance Framework - Q4

The service performance element of the governance risk ratings

Green : 0.9	Amber-Green : 1.0 - 1.9	Amber-Red : 2.0 to 2.9	Red : 3.0 or more

Acute targets - national requirements	Monitoring	Threshold	Weighting	Jan Actual	Feb Actual	Mar Actual	Q4 Total	YTD Total	Weighting
Clostridium Difficile (Annual threshold is 67: Profile YTD threshold 67)	Quarterly	67	1.0	2	1	3	6	36	0.0
MRSA (Annual threshold is 5: Profile YTD threshold is 5)	Quarterly	5	1.0	0	0	0	0	5	0.0
Cancer: 31-day wait for surgery treatments	Quarterly	94.0 %	1.0	100 %	100 %	100 %	100 %	100 %	0.0
Cancer: 31-day wait for anti cancer drug treatments	Quarterly	98.0 %		100 %	100 %	100 %	100 %	100 %	0.0
Cancer: 62-day wait from urgent GP referral to treatment	Quarterly	85.0 %	1.0	91.14 %	88.16 %	88.79 %	89.30 %	92.69 %	0.0
Cancer: 62-day wait from consultant screening service referral	Quarterly	90.0 %	1.0	100 %	100 %	100 %	100 %	98.92 %	0.0

Acute targets - minimum standards	Monitoring	Threshold	Weighting	Jan Actual	Feb Actual	Mar Actual	Q4 Total	YTD Total	Weighting
Cancer: 31-day wait from diagnosis to first treatment	Quarterly	96.0 %	0.5	98.61 %	100.00 %	98.82 %	99.10 %	99.15 %	0.0
Cancer: two week wait from referral to date first seen	Quarterly	93.0 %	0.5	97.76 %	99.21 %	96.28 %	97.70 %	98.25 %	0.0
Cancer: two week wait for symptomatic breast patients	Quarterly	93.0 %		94.29 %	96.50 %	95.04 %	95.40 %	95.77 %	0.0
Screening all elective in-patients for MRSA	Quarterly	100.0 %	0.5	100 %	100 %	99.30 %	**99.80 %**	**99.40 %**	**0.5**
LHE A&E 4 hr wait	Quarterly	95.0 %	0.5	96.03 %	95.17 %	95.90 %	95.70 %	97.64 %	0.0
*Thrombolysis Call to Needle	Quarterly	68.0 %	0.5	100 %	75 %	100 %	80.00 %	92.86 %	0.0

Monitor Compliance Framework Score:	0.5

*Feb performance was updated due to data validation completed in March.

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

COUNCIL OF GOVERNORS
18th May 2011

Month 12 Finance Report for the Council of Governors

2010/11 Trading Position

Month 12 Actual and Forecast Income & Expenditure

	YTD actual £m	YTD budget £m	YTD variance £m
Clinical Revenue	208.0	202.1	5.9
Other income	16.6	17.0	(0.4)
Total income	**224.6**	**219.1**	**5.5**
Pay costs	140.9	135.6	(5.3)
Non pay Costs	67.0	64.9	(2.1)
Total costs	**207.9**	**200.5**	**(7.4)**
EBITDA	**16.7**	**18.6**	**(1.9)**
Depreciation	6.8	9.3	2.5
PDC dividend	4.7	5.0	0.3
Other	1.9	1.0	(0.9)
Net Surplus/(Deficit)	**3.3**	**3.3**	**0.0**

Overall the Trust delivered a satisfactory financial performance, delivering the budgeted surplus and Financial Risk Rating, despite a shortfall in EBITDA (earnings before interest, taxation, depreciation and amortisation).

Clinical income was £5.9m ahead of budget due to higher levels of activity than planned on the NHS Surrey contract. This is across A&E, non elective admissions, maternity services, GP direct access and a number of other areas.

Income was however depressed both by the non-elective cap and a general cap on the NHS Surrey contract. Hence the additional revenues do not cover the incremental costs of additional work - including additional beds opened to cope with winter pressures. Thus EBITDA was £1.9m short of target.

Budgeted cost savings of £9m were fully achieved.

Depreciation savings following the revaluation of the estate at the end of last year offset the EBITDA shortfall. Net surplus at £3.3m was in line with target.

The 2011/12 budget has now been agreed by the Trust Board with a target surplus of £2.1m. It is a challenging budget, with tariffs being reduced by 1.5% and an assumption that activity will remain at 2010/11 levels. It is anticipated that income lost through contractual deductions to income in respect of 30 day readmissions and the non elective cap will be £6m. The CIP plan for the year is £12m.

Financial Risk Rating

Month 12 Actual Financial Risk Rating

	Monitor Metrics	Weighting	Current	Current Score
EBITDA	EBITDA Margin	25%	7.4%	3.0
	EBITDA % Achieved	10%	89.8%	4.0
Financial Efficiency	Return on Assets Excl Dividend (%)	20%	5.7%	4.0
	I&E Surplus Margin net of Dividend (%)	20%	1.9%	3.0
	Liquidity Ratio (days)	25%	26	4.0
		Weighted Total Score		**3.6**
		Capped Total Score		**4.0**

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 requires a series of "remedial" measures to be put in place.

ASPH, in common with many Foundation Trusts, currently scores 4 – indicating a healthy financial picture. This is rounded up from an underlying score of 3.6.

John Headley
Director of Finance and Information
May 2011