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

COUNCIL OF GOVERNORS
17th May 2012

TITLE	**Compliance Framework-In year Monitoring**
EXECUTIVE SUMMARY	In accordance with Monitor's Compliance Framework, the Trust has to make a quarterly submission to Monitor 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 for 2011/12 with a Amber/red rating on performance and a FRR of 3. The attached report summarises the content of the return.
The Council is asked to:	Note the submission
Submitted by:	Andrew Liles Chief Executive
Date:	9th May 2012
Decision:	For Noting

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1 INTRODUCTION

The Trust submitted the Quarter 4 Compliance Return to Monitor on 30th April 2012.

2 QUARTER 4 SUBMISSION

2.1 Governance declaration

The Governance declaration relates to

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

All targets and indicators have been achieved except for the A&E target which therefore results in a score of 1.

The Trust has been issued with a 'major concern' in a Review of Compliance Report from the CQC (January 2012). As a result the Trust scores 2 against its Governance rating.

A total of 3 means the Trust Governance rating will be Amber /red.

Green=	A score of less than 0.9
Amber-green=	A score from 1.0-1.9
Amber-red=	A score from 2.0-3.9
Red=	A score of 4.0 or more

2.1.1 Commentary- A&E performance

A separate report to the Council of Governors has been provided in respect of A&E performance.

2.1.2 CQC Compliance

Progress against the action plan is detailed in the separate Quality Report (paper 7.5).

Overall, the first milestone of the tripartite action plan had been reached on the 31st March 2012 and all process improvements are now complete and implemented. However, the Board's view was that compliance was much improved since December 2011 when the CQC visited, but that full compliance with all Essential Standards is not yet achieved.

2.2 Finance.

The Board agreed the content of the financial submissions and that Declaration1

> '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 financial report is attached.

3 RECOMMENDATION

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

Andrew Liles

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	*30*	8	4	4	3	19
MRSA - meeting the MRSA objective		4	1.0	Quarterly	*4*	0	2	0	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%	100% 100%	99.49% 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%	90.95% 96.15%	91.84% 96.55%	92.10% 95.65%
All Cancers: 31 day wait from diagnosis to first treatment		96%	0.5	Quarterly	96%	98.89%	100%	98.05%	99.20%	99.31%
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%	98.00% 93.90%	98.01% 96.88%	97.60% 95.44%
A&E	95th Percentile (Q1) Total time in A&E (95%)	95%	1.0	Quarterly	95%	3:59:00 94.23%	96.27%	91.44%	91.46%	93.84%
Stroke indicator		TBC	0.5	Quarterly	80%	86.44%	82.18%	83.78%	81.13%	83.49%
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	19.75	17.99	20.74
Referral to treatment waiting times - non admitted (95th percentile)		<18.3 Weeks	1.0	Quarterly	<18.3 Weeks	16.49	16.25	16.28	16.63	16.41
Compliance with requirements re access to healthcare for people with a learning disability.		Annual Target	0.5	Quarterly						
Governance:			**Weighting**	**Monitoring Period**		**Q1**	**Q2**	**Q3**	**Q4**	**Yr End**
Risk of, or actual, failure to deliver mandatory services			4.0	Quarterly		No	No	No	No	No
CQC compliance action outstanding			2.0	Quarterly		No	No	No	No	No
CQC enforcement notice currently in effect			4.0	Quarterly		No	No	No	No	No
Moderate CQC concerns regarding the safety of healthcare provision			1.0	Quarterly		No	No	No	No	No
Major CQC concerns regarding the safety of healthcare provision			2.0	Quarterly		No	No	Yes	Yes	Yes
Unable to maintain, or certify, a minimum published CNST level of 1.0 or have in place appropriate alternative arrangements			2.0	Quarterly		No	No	No	No	No
Indicative Governance risk rating						A/G	G	A/R	A/R	
Financial Risk Score		**10/11 Scores**	**Weighting**	**Monitoring Period**	**Current Score**	**Q1**	**Q2**	**Q3**	**Q4**	**Yr End**
1. Underlying Performance - EBITDA Margin		3	25%	Annual	6.4%	3	3	3	3	3
2. Achievement of Plan - EBITDA achieved		4	10%	Annual	82.9%	3	3	3	3	3
3. Financial Efficiency - Return on Assets		4	20%	Annual	4.3%	2	3	3	3	3
4. Financial Efficiency - I&E Margin		3	20%	Annual	1.0%	2	2	2	2	2
5. Liquidity - Liquidity Ratio*		4	25%	Annual	21.4	4	4	3	3	3
Weighted Average Rating		3.6				2.9	3.1	2.8	2.8	2.8
Overall Rating		4	100			3	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

The Cancer indicator performance has been updated for quarter 4. Changes in previous quarters are not reflected on this report however there has been no deterioration of the performance in previous quarters.

Finance

The Financial Risk Scores are the draft figures as reported to the Finance Committee on the 18th April and may change.

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

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Month 12 Finance Report for the Council of Governors

2011/12 Trading Position

Month 12 Income and Expenditure

	Full Year Actual £m	Full Year Budget £m	Full Year Variance £m
Clinical Revenue	209.2	202.5	6.7
Other revenue	18.1	17.1	1.0
Total Revenue	**227.3**	**219.6**	**7.7**
Pay costs	(140.6)	(136.2)	(4.4)
Non-pay costs	(72.2)	(66.0)	(6.2)
Total costs	**(212.8)**	**(202.2)**	**(10.6)**
EBITDA	**14.5**	**17.4**	**(2.9)**
Depreciation & Amortisation	(7.7)	(8.3)	0.6
Impairments	(1.0)	(1.7)	0.7
PDC Dividend	(4.8)	(4.9)	0.1
Other	0.0	(0.4)	0.4
Net Surplus/(Deficit)	**1.0**	**2.1**	**(1.1)**

Clinical income was £6.7m ahead of budget. Activity was down on plan on day cases and emergency work, but over plan on elective spells and A&E attendances. A more complex inpatient case mix than plan saw an increase in average income per spell. Combined with gains on penalties for readmissions against budget and a prudent approach to setting the income budget, these factors led to the favourable income variance. This is after allowing for the first £2m of over performance which NHS Surrey retained.

Additional staff costs were incurred due a number of factors, including escalation beds being opened to meet demand, including the opening of a new ward. In addition high cost medical agency generated an overspend in the Trust's Accident & Emergency department as the Trust looked to improve its performance against the A&E target. Despite this the Trust spent £0.5m less on pay when compared to 2010/11.

Non-pay expenditure was mainly overspent on clinical supplies in delivering additional income. In addition £0.5m of the non-pay cost variance relates to Epsom transaction costs where budget was set post EBITDA.

Cost saving targets which were budgeted at £12.0m for the full year yielded less than planned at £10.9m and lessons learned are being carried into planning and delivery of 2012/13 CIP's.

EBITDA was £2.9m 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 £1.1m behind target at the year end. This was in line with the forecast surplus declared at month 8.

The above financial position delivered a Financial Risk Rating of 3 for 2011/12 as shown below.

Monitor Financial Risk Ratings

			FRR
Monitor Metrics	**Weighting**	**Outturn**	**Current Score**
EBITDA Margin	25%	6.4%	3.0
EBITDA % of Plan	10%	83.1%	3.0
Return on Capital Employed (%)	20%	4.3%	3.0
I&E Surplus Margin (%)	20%	1.0%	2.0
Liquidity Ratio (days)	25%	21.4	3.0
	Weighted Total Score		**2.8**
	Capped Total Score		**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 weaker 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. Note that financial information is reported to Monitor on a quarterly basis.

John Headley
Director of Finance and Information
May 2012