

To: The Board

For meeting on: 29 January 2014

Agenda item: 6

Report by: Executive Team

Report for: Information

TITLE: Executive Report

Summary:

This report summarises key developments at Monitor since the Board meeting held on 18 December 2013.

Recommendation:

The Board is asked to note the report.

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. In relation to the issues set out in this paper, consideration has been given to the impact that the recommendations might have on these requirements and on the nine protected groups identified by the Act (age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion and belief, gender and sexual orientation).

As this report is for information, it is anticipated that the recommendations of this paper are not likely to have any particular impact upon the requirements of or the protected groups identified by the Equality Act.

Exempt information:

None of this report is exempt under the Freedom of Information Act 2000.

REPORT FROM THE EXECUTIVE COMMITTEE (ExCo)

Thursday 23 January 2014:

1. At its meeting on 23 January 2014 2013 the ExCo conducted the following business:

Management accounts for the eight months ended 30 November 2013

2. Reviewing of the year to date expenditure position and latest projections as at 30 November 2013.
3. As part of ongoing organisational design work, directorates have identified a number of additional posts (up to 86) required in addition to the currently signed off organisational structure. ExCo intends to approve the majority of these posts now, so that recruitment can start for those considered to be urgent, rather than wait until March when the budget will be agreed.
4. There is a risk that this will restrict the available envelope for prioritisation of other posts or activity which may result from the business planning and budgeting work currently being undertaken. However, high level modelling of budget requirements indicates that the new posts proposed are affordable within our indicative budget allocation whilst still allowing a reasonable level of spend to allocate to external projects and other non-pay spend. Therefore ExCo believes that the risk associated with approving these posts is manageable.
5. If other activities identified were deemed to be of similar or higher priority, and if a sufficiently strong case could be made, the Department of Health might consider a further increase in our funding beyond the informally agreed indicative budget.

Monitor publications

6. Considering the planned publications by Monitor over the next 12 months, in order to ensure a strategic approach to the co-ordination and timing of these.

Project updates: Economics team

7. Reviewing the work being undertaken by the Economics team (see below).

ECONOMICS UPDATE

Progress on current projects.

Over the last 3 weeks:

8. The “**NHS foundation trust (NHS FT) sustainability**” project is ready to kick off its first pilot study at the end of January. The team has worked with the Provider Regulation and Assessment directorates to develop a high-level approach to assessing financial sustainability (including a template financial model) and to assessing clinical sustainability (including key service lines to focus on, and options for obtaining clinical input). The results of the first pilot will be available in March, together with next steps in terms of ongoing work and resources.

9. The “**Local Health Economy (LHE) diagnostic**” project has started work on developing a methodology and model for analysing LHE performance, and drivers of that performance (both demand side and supply side factors). Work will be undertaken with key internal (Provider Regulation and Assessment directorates) and external (NHS England, NHS Trust Development Authority (NHS TDA)) stakeholders in developing the methodology and model. The first pilot study will be kicked off at the end of February. The results of this first pilot are expected at the end of March, with next steps in terms of ongoing work and resources.
10. The “**smaller acutes**” project has just finished its “evidence gathering” phase – and has visited 19 trusts (both NHS FTs and NHS Trusts), had structured phone calls with a further 7, 28 responses to the questionnaire and 17 responses to the call for evidence.

National Planning assumptions / Assessment assumptions

11. Monitor has published **national planning assumptions** on input costs and efficiency for the next five years. These are now agreed with the NHS TDA and NHS England as the basis for joint planning for the sector.
12. Monitor has been open and transparent about the difference between real productivity growth in the system and “leakage” (the other things providers and commissioners do to make the books balance). Analysis published last week by the Centre of Health Economics at York backs this approach, suggesting underlying efficiency growth in 2011/12 was between 2.1% and 2.4%. This is the first time that they have found two successive years of positive productivity growth since their series starts in 2004/05 (since when average productivity growth has been around 1.4%). In the coming months, we plan to do work with our national partners to continue to develop our understanding of underlying productivity growth and leakage and how these can be better taken into account for assessment and Cost Improvement Plans.

Patient engagement

13. We have developed a short-list of “common practice” ways in which sector regulators and other NHS bodies engage with patients (or consumers) and their representatives. Monitor has invited around 60 representatives of patients organisations to a series of round tables in February to test out these common practice ideas in order to identify a series of best practice recommendations.
14. Jointly with the Co-operation and Competition directorate, the Economics team has also developed a set of five patient focus groups to examine patients’ attitudes.
15. Videos from interviews with patients were used in Monitor’s all-staff event on 17 December 2013 to help influence staff mindsets to put patients at the heart of all they do.

STRATEGIC COMMUNICATIONS UPDATE

Engagement with patient groups

16. The Stakeholder team has recently met colleagues at Healthwatch England, Mind, Mencap and the Royal College of GPs Patient Group to explore areas for future joint work. We are also in discussions with the Chair of the Academy of Medical Royal Colleges Patient Participation Group to develop a cross-College engagement programme. Meetings are arranged with other groups including the NHS Alliance Patient and Public Involvement Forum and the Richmond Group of charities.
17. The Policy and Stakeholder teams are working with Healthwatch England to establish a Memorandum of Understanding and system of working both locally and nationally.
18. Monitor continues to engage with patient groups on specific topics and a programme to inform them about section 75 has started in January.
19. A February Board paper will provide a more detailed update on our engagement with patient groups.

Proposals for maintaining effective board leadership

20. *HSJ* online covered our proposed guidance on how – and how often – NHS FTs should conduct external governance reviews. Both the FTN and Foundation Trust Governors' Association welcomed the new approach as an opportunity to formalise existing good practice. The FTN were particularly positive about the proposed scope for local flexibility.

Mid Staffordshire NHS Foundation Trust final report

21. There was interest from local and regional media when we announced that we had passed the TSAs' final recommendations to the Secretary of State for his decision.

Licence for independent providers

22. The *Financial Times* carried an interview with Jason Dorsett about the licence for independent providers to mark the launch of the application process.
23. We are continuing our programme of communications and engagement with commissioners and independent providers to ensure they are aware of the need for certain providers to hold a licence from 1 April 2014.

Procurement, Patient Choice and Competition Regulations guidance (s75)

24. There have been more than 600 downloads of the Procurement, Patient Choice and Competition Regulations guidance that we published in December. The programme of education and engagement to explain our approach on section 75, mergers and transactions begins in January with a letter from David Bennett to commissioners and providers, accompanied by an *HSJ* opinion piece and interview with David. Face to face engagement will continue during the next three months.

Parliamentary and general stakeholder engagement

25. Following our November report on walk-in centres, a number of Parliamentarians drew attention to their importance. Baroness Wheeler (Labour) cited the Monitor report in a Lords debate and Pat McFadden MP (Labour, Wolverhampton South East) referred to it in a press release.

Executive Committee