

To: The Board

For meeting on: 29 July 2015

Agenda item: 6

Report by: Executive Committee

Report on: Executive Report

Summary:

1. This report summarises key developments at Monitor since the Board meeting held on 28 May 2015.

EXECUTIVE COMMITTEE BUSINESS UPDATE:

2. At its meeting on 7 July 2015 the Executive Committee (ExCo) conducted the following business:
 - a. Considering information about the enquiries and complaints received by Monitor in May 2015.
 - b. Discussing the findings of a review of the national decline in accident and emergency (A&E) performance against the four hour target in Q3 2014/15 and recommended next steps. Further information about this can be found at agenda item 15 (ref: BM/15/79(P)).
 - c. Reviewing a proposal to implement a new Information Governance (IG) structure within Monitor. The ExCo was content, in principle, with the proposed IG structure but considered that further work was required prior to it being implemented across the organisation.
 - d. Agreeing a revised set of key performance indicators.

3. At its meeting on 14 July 2015 the ExCo conducted the following business:
 1. Reviewing a summary of the organisation's year to date expenditure position as at 31 May 2015.
 2. Agreeing the proposal to implement a revised Procurement Policy for Monitor following legislative and policy change. The ExCo noted that information related to the procurement process such as contract management arrangements, ownership of intellectual property and general training information would be circulated to staff in due course and would be covered in the updated Procurement Manual.
 3. Considering a proposal to upscale resource within the Agency Intensive Support Team (AIST). Further information about this can be found at agenda item 14 (ref: BM/15/79(P)).
4. At its meeting on 21 July 2015 the ExCo conducted the following business:
 - a. Reviewing information about ongoing activity in the Organisation Transformation directorate across its priority areas of focus.
 - b. Reviewing information about the status of current projects being undertaken by the Information Services team, the Strategy and Policy team, the Economics team and the Strategic Communications directorate.
 - c. Agreeing the implementation of a number of IT security policies which had been updated to reflect Monitor's regulatory responsibilities and to ensure they were compliant with government security standards and requirements. ExCo members noted that, whilst the recently established Information Governance Group planned to undertake a fundamental review of the policies to ensure they were fit for purpose, no benefit would be derived from delaying the implementation of these policies pending the outcome of this review.
 - d. Reviewing information about the overall progress of the NHS Five Year Forward View (5YFV) and specific workstreams within this work programme (New Care Models, Whole System Intervention and Efficiency).

ECONOMICS UPDATE

Economics team headlines

5. To note this month (no items are strategic or policy determining):
 - a. The team is nearing completion on meetings across Monitor regarding the 'Community Services Fact Pack'.

- b. The team continues to provide both short term and more strategic economics support to the organisation. This includes recent briefings on the Budget.
- c. A significant part of the Economics team's work continues to be in response to short-term demands not explicitly identified in the Business Plan. It has provided resources to support the implementation of agency controls, and is in the process of updating the efficiency frontier analysis which the Pricing team commissioned externally last year.
- d. Together with the Pricing team, the Economics team is in the process of scoping a new project aimed at improving the National Tariff's incentive effect.

Drive and support provider operational improvement

- 6. The team is arranging a series of joint workshops with the Department of Health (DH), NHS England and the NHS Trust Development Authority (NHS TDA) on efficiency, each setting out the work undertaken so far, to build a shared understanding of the system's financial drivers and minimise duplication of efforts. The team has continued its analysis of historic trends behind the main drivers, which for productivity includes factors such as length of stay and day case rate, among others. It is also working with DH to understand how drug expenditure trends by condition have changed over time, and also to assess the DH forecast for new drugs.
- 7. The broader intention is for this work to inform Monitor's contribution to Spending Review discussions, 5YFV implementation and key regulatory decisions (e.g. tariff). This will include an update to Monitor's 2013 'Closing the Gap' report on the system financial challenge.
- 8. In addition, the team has provided briefing on the implications of the Budget for NHS finances.
- 9. The team has also begun updating the '**efficiency factor modelling**' for the National Tariff. The team has now incorporated 2013/14 data into the sample set, reapplied the original model specifications and techniques, and begun generating new estimates for average efficiency gain, for use in as part of 2016/17 National Tariff discussions. Next steps will include full quality assurance of the results, model specification audit, reconciliation with other estimates from the literature and model upgrades where appropriate. The team will finish this work in September 2015.
- 10. The team has worked with the Provider Appraisal directorate and Pricing team to publish '**planning assumptions**' covering the years 2015/16 to 2019/20. These were published as part of the FT bulletin on the 1 July 2015 and will be used by providers in their planning and forecasting activities.

11. The team has finalised the report setting out its findings and conclusions on the drivers of the decline in '**A&E performance**' over 2014/15, and discussed its findings and recommendations with the ExCo. It has shared its findings with the Secretary of State, DH, NHS England, NHS TDA, Public Health England, the National Institute for Health and Care Excellence, NHS providers and Cabinet Office. The team is working with the Strategic Communications directorate to publish the report by September 2015. Further information about this can be found at agenda item 15 (ref: BM/15/80(P)).
12. The team has held initial scoping meetings with the Pricing team about the request for a joint project on '**the incentive effects of the National Tariff**'. The approach to setting the efficiency factor and market forces factor are two of the key areas of focus. The timetable for the project will be constructed such that findings can inform the 2017/18 National Tariff.

Drive and support long term sustainability

13. The team is continuing to develop the economic analysis and approach to best support **sustainability reviews**, which will be led in future from within the Provider Sustainability directorate.
14. Findings for the project to understand the '**impact of moving care out of hospital**' were shared with the Healthcare Financial Management Association conference on 4 July 2015. The team is now finalising reports for publication. The team has been commissioned to work with other Monitor functions to scope a second phase which would produce a tool for the sector and also work with the New Models of Care sites. The team is progressing scoping this piece of work.
15. An internal draft report on '**workforce**' has been produced and the team has begun sharing this across Monitor in order to test the findings and develop next steps. The report identifies drivers of clinical workforce shortages and actions providers have taken to manage these drivers. As part of this, it is working with the Development team on materials to support providers. The team is also considering, with Health Education England and Monitor's Patient and Clinical Engagement directorate, how it might best share its analysis with existing national partners working on nurse shortages. It will continue to test its findings with internal and external stakeholders before the Development team shares materials more widely with the sector.
16. As part of its work on '**the economics of new care models**' the team is collaborating with the Co-operation and Competition directorate on an economic framework for looking at the new care models, in particular the economics of so-called vertical reconfigurations such as Multispecialty Community Providers and Integrated Primary and Acute Care Systems. The Economics project is internally focused but sits alongside the externally focused suite of work the Co-operation and Competition directorate is doing (including support to Vanguards).

STRATEGY & POLICY UPDATE

Policy team headlines (no items are strategic or policy determining)

17. To note this month:

- a. **Risk Assessment Framework (RAF) revision** - responses were received and Provider Regulation Executive (PRE) agreed the approach to revising the RAF, informed by the consultation responses.
- b. **Diagnostic tool** developed for the Provider Regulation directorate.

Making sure public providers are well-led

18. The team has been developing a **diagnostic methodology** to help the Provider Regulation directorate to identify root causes of problems at NHSFTs. It has produced lines of enquiry, a diagnostic process and a draft toolkit. The team is now codifying more of the experience of the Provider Regulation directorate and will then field-test the toolkit.
19. The **consultation on the revised RAF** has closed. Responses have been analysed and further information about the approach to revising the RAF, informed by the consultation responses, can be found at agenda item 13 (ref: BM/15/78(P)).
20. The team has analysed **NHSFT responses to the recommendations of the Jimmy Savile Inquiry** and is reporting to the Secretary of State. It has also prepared a toolkit to support Monitor staff with involvement on **integrated care**.
21. Conversations have started with the Care Quality Commission to inform the development of their **Efficient Use of Resources** measure.

Making sure essential services are maintained

22. Having put in place controls on management consultancy spending, the team is now developing **financial controls on agency spending**, working with the NHS TDA, the Economics team and the Finance, Reporting and Risk Director. Plans are being developed to introduce caps on overall spending on agency staff; rate caps; and compliance with approved frameworks, with implementation from September 2015. These, alongside support from the Agency Intensive Support Team, aim to help the sector keep down agency costs in 2015/16 and beyond.
23. On the **Success Regime**, light-touch informal engagement with local stakeholders is under way, as are MP briefings (requested by DH). The purpose of both is to explain what has been announced so far and to mention plans for Programme Director recruitment.

STRATEGIC COMMUNICATIONS UPDATE

Strategic Communications directorate headlines (no items are strategic or policy determining)

24. To note this month:

- c. Future of Monitor and the NHS TDA: all staff and key stakeholders were informed ahead of the official announcement.
- d. David Bennett's speech to Healthcare Financial Management Association (HFMA) received good external media coverage.

Making sure providers are well led

25. The Media Relations team worked with David Bennett on drafting his speech to the HFMA annual conference, a speech that challenged NHSFTs to deliver savings or face the erosion of their freedoms. The speech and accompanying question and answer session were well received by the audience. The Strategic Communications directorate briefed key stakeholders in advance. The *HSJ* report drew heavily on Monitor's press release and made the front page. The *HSJ* also did a follow-up story.

26. Lord Hunt, Labour leader in the Lords, posted a critical response online under one of the *HSJ* articles. Subsequently, Lord Hunt has tabled several Parliamentary Questions probing Monitor's spend on consultants and agency staff.

27. Monitor took regulatory action at several NHSFTs. The highest profile of these in terms of media and stakeholder interest were Norfolk and Suffolk NHS Foundation Trust, Gloucestershire Hospitals NHS Foundation Trust and Lancashire Teaching Hospitals NHS Foundation Trust.

28. A summary of Monitor's media coverage during the period follows:

Item	Description	Coverage			Rating	
		L	S	N	FT sector	Monitor only
NHS NEW Devon CCG	Provisional findings	3	2	0	Yellow	Green
Warrington and Wirral	Two investigations into trusts widened to cover A&E	8	0	0	Red	Green
Monitor and NHS TDA	Announcement of joint chief executive	0	3	0	Yellow	Yellow
Gloucestershire Hospitals NHS FT	Investigation opened into A&E	12	0	0	Red	Green
South Tees Hospitals NHS FT	s106 improvements in infection control	2	1	0	Red	Green
Southern Health NHS FT	Compliance certificate for quality and safety	0	2	0	Green	Green

Lancashire TH NHS FT	s106 and s111 actions on finances	4	1	0		
Norfolk and Suffolk NHS FT	s106 action on finances	8	0	0		
Taunton and Somerset NHS FT	Shift in focus of investigation from A&E into finances	3	0	0		
Dudley & Walsall MHP NHS Trust	Deferral of authorisation	4	1	0		
Agency spend	Launch of the Agency Intensive Support Team	0	2	0		
Mid Staffordshire NHS FT	Report on lessons learned from failings	6	2	0		
David Bennett's speech to HFMA	Financial challenges facing providers	0	3	0		
Media and rating keys						
L: 'Local' S: 'Sector' N: 'National'		Positive		Neutral		Negative

Making sure essential services are maintained

29. Together with the DH, NHS TDA and NHS England, the team is supporting the Health Minister, Ben Gummer MP, in briefing local MPs about the Success Regime programme. So far briefings have taken place regarding the Essex and NEW Devon health economies. In general, MPs have been ready to recognise the challenges, and willing to listen.

Promoting change through high quality analysis and debate and by encouraging innovation

30. In response to feedback from NHSFTs, the Strategic Communications directorate is working with the Patient and Clinical Engagement directorate to pilot a new approach to clinical engagement using LinkedIn. This social media group consists of members of the new Clinical Advisory Forum (comprising selected medical directors and chief nurses); it is intended as a portal for sharing updates, asking for feedback and networking with NHSFT clinical leaders.

Making sure Monitor is a high-performing organisation

31. Monitor representatives made more than 30 speeches during the health sector conference season at events including the NHS Confederation, HFMA, HSJ Providers, NHS Providers and Commissioning Live. The focus has been to communicate Monitor's plans for operational and financial improvement, adapting its regulatory approach to the current environment and longer-term sustainability through new care models and Success Regime intervention.

32. This focus on the challenges facing providers and Monitor's evolving regulatory approach seemed to chime well with stakeholder concerns and interests. Monitor's speakers connected well with audiences: Stephen Hay and Adam Sewell-Jones scored 3.9 out of 5 for their presentation at an NHS Providers network event.

33. Monitor hosted a stand at the Healthwatch annual conference which was attended by over 400 local members of the network. A key concern of delegates was integration between health and social care: the network reiterated that patients' needs and views must be at the heart of any change and carried through to technical system design.
34. Feedback from delegates visiting Monitor's stand strongly suggested the local network would like direct communications from Monitor, rather than just through Healthwatch England. The team is adapting Monitor's approach accordingly. It is also considering how to build awareness across the network of Monitor's choice and competition and pricing functions.
35. A successful internal crowdsourcing campaign was run on behalf of the Provider Appraisal directorate, using a specialist software tool to solicit suggestions and feedback on that directorate's operational processes. This produced feedback more useful than that gathered from traditional surveys or emails. Following good results in a similar campaign conducted on behalf of the Patient and Clinical Engagement directorate, this is a system with wider application for staff engagement and consultation

UPDATE ON THE WORK OF THE PATIENT AND CLINICAL ENGAGEMENT DIRECTORATE

36. The directorate's senior clinical team (Medical Director, Nurse Director and Deputy Medical Director) is now in place. Three associate medical directors have been appointed and will join the team between July and November 2015. In addition, Monitor's new Clinical Advisory Forum has been established with representation from 18 NHSFTs. Forum members will work closely with the in-house team to advise and inform Monitor's work.
37. The team has made progress with the development of a training and support package for medical directors. In line with the closer working of Monitor and the NHS TDA several joint NHS TDA-Monitor events have been held this month and specific events for medical directors are now planned for the Autumn and Spring. Work is additionally being done to develop a specific offer on the performance management of clinicians.
38. Work continues to be progressed on the development of a more co-ordinated, system-wide approach to responding to both existing and new clinical service standards, guidance and recommendations. Following endorsement by the National Quality Board a steering group will now be established with representation from the national bodies and Academy of Medical Royal Colleges to further scope this initiative.
39. Following an internal crowdsourcing exercise and engagement with other health and regulatory bodies, a paper on Monitor's approach to patient engagement is

now being finalised in consultation with the Strategic Communications directorate. This will be brought to the Board in due course.

DOCTOR AND NURSE REVALIDATION

40. Medical Revalidation was launched in 2012 to strengthen the way that doctors are regulated, with the aim of improving the quality of care provided to patients, improving patient safety and increasing public trust and confidence in the medical system. In each designated body, licensed doctors must undertake annual medical appraisals by a trained appraiser, informed by supporting information defined by the General Medical Council (GMC), in which the doctor demonstrates that they are practising in accordance with good practice.
41. Each designated body under the regulations must appoint a Responsible Officer. For most NHS organisations this will be the Medical Director. The Responsible Officer must ensure there are appropriate local clinical governance processes and ensure the organisation has appropriate systems for appraising the performance and conduct of doctors. On the basis of annual appraisals and other information in local clinical governance systems, the Responsible Officer will make a recommendation to the GMC, normally every five years. The GMC will consider the Responsible Officer's recommendation and decide whether to renew the doctor's licence to practise. There are special arrangements for Responsible Officers, as they cannot evaluate themselves.
42. As a designated body Monitor has a statutory duty to support the Responsible Officer in discharging his/her duties and it is expected that the Board will oversee compliance through the review and approval of an annual report. The number of doctors with a prescribed connection to Monitor remains relatively small, and implementation of the requirements of Medical Revalidation at Monitor will be proportionate. **The Board is asked to approve the appointment of Dr Hugo Macie-Taylor as Responsible Officer for Monitor, who will work with his team, in particular the Deputy Medical Director Dr Stanley Silverman, to set-up the necessary processes and procedures to revalidate doctors at Monitor.**
43. From 2015, Monitor will be working with NHS England, the NHS TDA and the Nursing and Midwifery Council (NMC) to establish the new requirements for nurses and midwives to revalidate when they renew their registration every three years. Dr Ruth May, newly appointed to Monitor as Nurse Director, is leading and working on this national framework and will establish the requisite processes for nurses and midwives employed by Monitor who wish to maintain, or are required to maintain, their registration with the NMC.

Executive Committee

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 the information in this report is exempt from publication under the Freedom of Information Act 2000.