

Board meeting date: 16 December 2011	Agenda Item number: 7	Enclosure: 3
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Title	Chief Executive's Report
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Accountable Director:	Jo Chambers
Author (name & title):	Jo Chambers, Chief Executive

Action required from the Board:	Decision / Approval <input type="checkbox"/>	Gain assurance <input type="checkbox"/>	Discussion <input type="checkbox"/>	Information ✓
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What other Trust Committee has considered this report?	Committee	Date reviewed	Key points or recommendations

Purpose of the report	To brief Board members on current national, regional and local issues not covered by other agenda items.
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Summary of Key Issues	<p>The report provides an update on:</p> <ul style="list-style-type: none"> • The national context, including a briefing on the Operating Framework 2012/13 and NHS Outcomes Framework 2012/13 • The regional context, including the NHS Midlands and East 'Ambitions'. • Strategy development update • Ludlow Health Facility update • Engagement activities • Local priorities
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Recommendation(s) to Board	1. To NOTE the contents of this report.
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Strategic Objective(s) to which this paper relates: ✓ / ✗	To increase quality, safety and productivity of the services we provide ✓	To explore every opportunity to innovate and improve ✓	To build financial strength and resilience	To develop strong community links and a reputation for responsiveness ✓
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Which key standards or assurances does this report relate to?		State specific standard / outcome or BAF risk
	CQC	
	NHSLA	
	Board Assurance Framework	

IMPACTS & IMPLICATIONS	
Patient safety & experience	Supports on-going patient and public involvement in service development and clinical strategy.
Financial (revenue & capital)	There are no direct financial implications although potential new financial risks arise from the commissioning review of community health services.
Equality & Diversity	
OD/Workforce	
What patient & public involvement has there been in this issue?	

Chief Executive's Report**1 Introduction**

- 1.1 This paper will provide the Board with an update on current national, regional and local issues.

2 National Context

- 2.1 The national Operating Framework 2012/13 was issued on 24 November 2011, which sets out business and planning arrangements for the NHS and sets out national priorities for next

- 2.2 The Operating Framework sets out four key themes for all NHS organizations:

- Putting patients at the centre of decision making in preparing for an outcomes approach to service delivery, with a particular focus on the quality of care for older people.
- Completion of the last year of transition to the new system, building the capacity of emerging clinical commissioning groups (CCGs) and supporting the establishment of Health and Well-Being Boards.
- Increasing the pace of delivery of the quality, innovation, productivity and prevention (QIPP) challenge.
- Maintaining a strong grip on service and financial performance, ensuring the 18 weeks NHS Constitution commitment is met.

- 2.3 The Executive Team will undertake a full appraisal once the finer details are published in further guidance later in the year, however, the headline information is as follows:

- Efficiency requirement of 4% for 2012/13.
- Readmissions policy remains in place (commissioners need not reimburse providers for hospital readmissions within 30 days of discharge following an elective admission). Savings are to be invested in clinically driven initiatives through enablement and post-discharge support.
- Introduction of mandated mental health contract currencies.
- The commitment to maintain existing delivery and expand family nurse partnerships is confirmed, together with the commitment to increase the number of health visitors.
- Renewed emphasis on the 18 weeks Referral to Treatment (RTT) commitment and elimination of very long waiters.
- A new measure is introduced for RTT so that 92% of patients on an incomplete pathway should have been waiting no more than 18 weeks.
- Renewed focus on the 95% accident and emergency four hour target.
- The tariff price adjuster will be a reduction of at least 1.5%.
- PCT allocations will be announced after the Office for Budgetary Responsibility issues its report at the end of November. Growth is expected to be a minimum of 2.5%.

- 2% of PCT recurrent funding is to be held in Cluster reserves to be used non-recurrently.
- All/ any PCT legacy debt is to be cleared in 2012/13.
- Running costs for Clinical Commissioning Groups have been set at £25 per head of population.
- All NHS Trusts, including Foundation Trusts, are expected to make a surplus in line with the FT pipeline trajectory.

Analysis undertaken by the Foundation Trust Network suggests that the impact of the various requirements on price and efficiency will require an average cost improvement level of 5.7%.

- 2.4 There are proposals to allow local variations from Payment by Result (PbR) rules where this would be best for patients and whilst no specific guidance is issued at this stage, it is thought that this is to incentivize integrated pathways, or develop risk sharing arrangements; any arrangements would need to take account of existing service models and competition law. It is unclear how such approaches would fit with the Any Qualified Provider requirements and there is a risk that commissioners will impose block contract arrangements which transfer financial and demand risk to providers.
- 2.5 The 30% marginal rate for emergency admissions remains in place for activity above the 2008/09 baseline.
- 2.6 The Department of Health is developing a 'year of care' tariff for long term conditions (LTC).
- 2.7 The commitment to an all Foundation Trust (FT) provider landscape is confirmed and all NHS Trusts are expected to achieve FT status by April 2014 in line with agreed Tripartite Formal Agreements. For a small number of Trusts that may need additional support (financial or board assurance development) specific exceptional agreements will be made on an individual basis.
- 2.8 The Operating Framework sets out clear expectations on commissioners in relation to Any Qualified Provider and the requirement to use the national qualification process and question in making their selection of providers.
- 2.9 The contract for 2012/13 will be a one year contract only to avoid any confusion in the transition from PCTs to CCGs from April 2013, however, there will be an exception process for possible longer contracts. PCTs are encouraged to use contract penalties and other provisions within the contract.
- 2.10 The CQUIN (Contracting for Quality and Innovation) framework is being developed so that the amount providers can earn will increase to 2.5% on top of actual outturn value. CQUIN is intended to be an increment over and above the standard contract. Linked to the development of CQUIN there are two new national goals linked to approximately one fifth of the 2.5% with the balance available for local schemes. The new national goals are:
- Improving the overall diagnosis of dementia in hospitals, and
 - Use of the NHS Safety Thermometer

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The NHS Safety Thermometer is a tool to measure baseline information and progress for all patients and is intended to reduce the potential harm to patients and will indicate the number of patients free from harm. It covers four main indicators – pressure sores, catheter acquired urinary tract infection, falls and VTE (venous thrombo-embolism).

- 2.11 It is expected that more savings could be generated through better procurement and all organizations are required to look at how improvements could be made either individually or collectively. Trusts will be expected to use national frameworks or justify under the new 'comply or explain' regime.
- 2.12 The Department of Health will take a strong line with commissioners imposing minimum waits, activity caps or inappropriate constraints on elective capacity; further guidance will be issues on the use of the standard contract.
- 2.13 Strategic Health Authorities will remain responsible for workforce education and training but will be responsible for setting up provider-led partnerships to take responsibility from April 2013 onwards. 2012 will be a preparatory year for revised education tariffs.
- 2.14 The two year pay freeze is its second year apart from those earning less than £21,000 who will receive a £250 increase from April 2012.
- 2.15 NHS Trusts are expected to prioritise capital spending to ensure that premises are fit for purpose and enhance the patient experience. Further guidance is awaited on asset transfers relating to the Transforming Community Service policy.
- 2.16 On 7 December 2011, the Secretary of State for Health launched The NHS Outcomes Framework 2012/13, which builds on the framework introduced in 2011/12. The purpose of the framework is:
- To provide a national level overview of how well the NHS is performing, wherever possible in an international context;
 - To provide an accountability mechanism between the Secretary of State for Health and the proposed NHS Commissioning Board; and
 - To act as a catalyst for driving quality improvement and outcome measurement throughout the NHS by encouraging a change in culture and behaviour, including a stronger focus on tackling health inequalities.
- 2.17 The Outcomes Framework is structured around five domains, which set out high-level national outcomes that the NHS should be aiming to improve. They focus on:
- Preventing people from dying prematurely
 - Enhancing quality of life for people with long-term conditions
 - Helping people to recover from episodes of ill-health or following injury
 - Ensuring that people have a positive experience of care, and
 - Treating and caring for people in a safe environment; and protecting them from avoidable harm.
- 2.18 Within the five domains there are 12 overarching indicators (broad aims), 27 improvement areas and 60 indicators in total.

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3 Regional Context

3.1 Strategic Health Authorities have now been clustered into four regional areas. NHS West Midlands is now part of NHS Midlands and East, led by Sir Neil McKay as Chief Executive and Sarah Boulton as Chair.

3.2 NHS Midlands and East has set out its key priorities and 5 key themes:

- Elimination of avoidable grade 3 and 4 pressure sores by December 2012
- Significantly improving Quality and Safety in Primary Care
- Create a revolution in patient and customer experience
- Making Every Contact Count through systematic healthy lifestyle advice delivered through front line staff
- Ensure radically strengthened partnerships between the NHS and local government.

4 Strategy Development

4.1 The Community Trust is in the process of refreshing its strategy to ensure alignment with national policy, local commissioning intentions and development of its key strengths and core services.

4.2 A stakeholder event was held on 16 November which was well attended by around 100 stakeholders representing partner organizations, the local authorities, Clinical Commissioning Groups, patient groups, voluntary sector, PCTs and our own staff. A separate report will cover the detailed outputs from the day, however, it is worth recognizing the positive spirit in which stakeholders worked with us to help define what is important to local patients and how the Community Trust can work with its commissioners to ensure that needs of local patients are met.

4.3 The Community Trust continues to work with partners on the Non-Scheduled Care strategy and is participating fully in the 9 week winter project. The various workstreams will shortly be identifying areas for improvement and redesign and the Community Trust expects to be central to bringing about more community based services as an alternative to unplanned hospital admissions and will do this by working closely in partnership with GPs, the local authorities and Shrewsbury and Telford Hospital Trust.

4.4 The PCT West Mercia Cluster is in the process of updating the 'system plan' for the area and this will define what service changes commissioners wish to see implemented locally to meet the QIPP challenge. There are a number of meetings and workshops planned during December and the Community Trust will participate in these to help shape the future local health system and ensure alignment of our own strategy to meet the ambitions set out in the system plan. Reports of the progress on this will come back to the Board as it is developed.

5. Ludlow Health Facility Update

5.1 The Ludlow Health Facility has reached another milestone. An initial Strategic Outline Case (SOC) for the development of new healthcare facilities in Ludlow was submitted to the Strategic Health Authority (SHA) in November 2008, with an updated SOC approved by NHS West Midlands in January 2010.

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- 5.2 An Appointment Business Case (ABC) was submitted to the SHA in October 2011 setting out the case for the development of new healthcare facilities for Ludlow and south west Shropshire, through a Lease Agreement with the preferred partner, Amber Infrastructure, demonstrating the proposals are affordable, offer good value for money for the NHS and will deliver significant benefits to patients and the local population.
- 5.3 The SHA Capital Review Group at its meeting on 2nd November 2011 gave approval to launch the project as a 3rd Party Development and move to the next formal approval stage which is the Full Business Case.
- 5.4 The Community Trust is committed to informing local people of the plans and in recognition that an important milestone has been reached, the Trust will introduce its new partner, Amber Infrastructure, to the local community at a special event on 12 December 2011. The Trust and Amber will be presenting their proposals to the local community of south Shropshire in Ludlow through a 'drop in' session during the afternoon, followed by formal presentations from 5.3pm at the Harley Centre, Ludlow.
- 5.5 It is hoped that the 'reserved planning matters application' will be submitted to Shropshire Council by the end of December 2011. The Trust has an anticipated deadline of June 2012 for 'financial close', which means that all of the details will be completed by this point and the Trust and Amber will sign a contract for the work to begin, with the aim of the Full Business Case going to the SHA Board in May.

6 Engagement with Partners and Stakeholders

- 6.1 The Community Trust places great importance on working in partnership to improve local services and is committed to seeking the views of stakeholders about our services. In addition to routine business meetings, the Chief Executive has attended the following meetings to support the Trust's approach to stakeholder involvement, partnership working and open public services:
- Ludlow Programme Board
 - Aston Team Based Working – review event
 - Opened the Shropshire Tissue Viability Conference
 - Shropshire Health & Well-Being Executive
 - Foundation Trusts Chairs & CEOs Network
 - Aspirant Community Foundation Trusts Network
 - Strategy Stakeholder event
 - West Midlands Provider CEOs meeting
 - Ludlow Health Facility Forum
 - Opening of new Renal Dialysis suite at Ludlow Community Hospital
 - NHS Chief Executive's Conference – Operating Framework 2012/13
 - Shropshire Partnership Standing Conference – Healthy Lives, Healthy People

8 Local Priorities

- 8.1 As a new NHS Trust, formed on 1 July 2011, there have been many challenges in establishing a consistent approach to how the new Trust is managed, and policies required some standardization. Additionally, staff are adapting to new roles within new teams where the merger required a restructuring of managerial roles.
- 8.2 In the first 5 months of existence the Trust has concentrated on ensuring the continuation of safe services and clarifying the financial, quality and contractual position inherited from NHS Telford & Wrekin and Shropshire County PCT. A three-way Board meeting took place on 29 November 2011 which formalised the legacy position and agreed further actions to complete the outstanding work arising from the transfer of services to the Community Trust.
- 8.3 The Community Trust is also making strides in updating and refreshing its strategy and engaging in the whole local health system work on urgent care as identified in section 4 above, and is engaging in the health system plan refresh, including the local response to the Quality, Innovation, Productivity and Prevention (QIPP) challenge.
- 8.4 The Executive Team has identified six priority themes to support the on-going work of the new Trust, which will be reflected in a prioritized work programme to support delivery. The priority areas are:
1. Ensuring that a robust Quality Assurance Framework is established for the Trust to give the Board assurance in relation to the quality of care delivered to patients.
 2. Concluding the baseline and legacy work with the two PCTs to build a firm foundation for the new Trust.
 3. As a new organization, build strong individual and collective relationships with patients, partners and key stakeholders.
 4. Update the Trust's strategy and set out a vision for service improvement to meet the needs of local people.
 5. Ensure there is an Organisational Development plan to support a new culture of learning and development for the new Trust to meet the increasing demands on services and adapt to meet the requirements of the new Health & Social Care Bill.
 6. Continue preparations for Foundation Trust status, ensuring the milestones agreed in the Tripartite Formal Agreement are met by the Board.

9 Recommendations/Decisions Required

- 9.1 The Board is asked:
- To NOTE the contents of this report.

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