

# Report to the Meeting of the Council of Governors

**08 March 2016**

# PAPER

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**Chief Executive’s Quarterly Report**

**For information/awareness**

The trend of significant activity locally and nationally has continued in connection with both the strategic direction of the local health system and emerging national NHS policy.

1. **Business planning 17/18-18/19 (and Sustainability & Transformation Fund)**

Dec The Board agreed at its Extraordinary Board meeting on 18th November that it would not be challenging the control total arrangements proposed in the most recent guidance from NHS Improvement. Therefore the operational plan narrative will highlight this, and include the notified STF amount and a planned financial outturn position in line with the 2017/18 control total. Under the latest guidance the 2018/19 control total (including STF) will be set in the plan in line with the minimum criteria set out, and based on the Trust’s assessment of what is feasible. The draft submission on 24th November will however underline the key risks and assumptions attaching to this agreement. Work will continue on the plan until its submission in final form on 23rd December.

**Sustainability and Transformation Fund** (**STF**): The £1.8 billion STF settlement for the trust sector in each of 2017/18 and 2018/19 depends on trusts achieving an aggregate financial position of at least break-even in both years after application of the fund. To ensure this happens, all trusts must deliver an agreed financial control total in each year.

The NHS settlement for 2017/18 and 2018/19 will also rely on tight collective management of the capital budget. Trusts therefore need to be prepared for continuing restrictions on both external finance access and deployment of existing cash reserves to ensure the NHS does not exceed its capital budget and we have been asked to develop our capital plans in time for the draft operating plans submitted on 24 November 2016, distinguishing essential expenditure from strategic investments.

*Process for trusts to agree control totals for 2017/18 and 2018/19*

Financial control totals were offered to trusts on 30 September 2016 in individual letters from NHS Improvement, and the finance director will update the Governors on our position during the forward planning session.

Trust boards are asked to consider if, with the help of access to the Sustainability and Transformation Fund, their control totals are achievable in 2017/18 and 2018/19 and to work through all possible actions they could take in 2017/18 and 2018/19 to deliver the control total and safe services, and be clear about the bridge to 2020/21 in their STPs.

*Sustainability and Transformation Fund focus on sustainability in 2017/18 and 2018/19*

Funding must deliver at least a pound-for-pound improvement in the aggregate trust position, to stabilise the financial position of the trust sector. It will not, for example, be used for reconfiguration, transactions, new care models or private finance initiative buyouts, unless at least pound-for-pound benefits to the bottom line can be realised in-year by the trust receiving the funding.

*Accepting control totals*

Access to the Sustainability and Transformation Fund will be through a formal agreement between NHS Improvement and trust boards before any funds are paid. This agreement will be embedded in the board-approved two-year plan.

The offer of payment to each trust from the Sustainability and Transformation Fund is for a limited period only. Trusts must signal acceptance of their control totals in the draft operating plans submitted on 24 November and in doing so agree to the associated conditions. These plans should include the notified STF amount and include a surplus/deficit position in line with, or better than, the 2017/18 and 2018/19 control totals.

The accompanying plan narrative should also reference the Sustainability and Transformation Fund and an update on how each trust plans to meet the associated conditions. There must be no ambiguity in our plan about whether or not we have accepted our control total. In both draft and final plans, trusts must not plan to receive their indicative STF allocations if they have rejected the control total.

1. **Annual Plan FY17 submission and ongoing review of financial sustainability.**

**FY17 plan**

The financial result for the six month period to the end of September is a £0.2m surplus which is a shortfall to plan of £0.4m and is again largely due to the revenue risk in the OCCG contract that is yet to be signed, operational overspends and delayed CIP delivery. All three of these aspects continue to be worked upon to recover the position as quickly and as much as possible.

A total of £2.0m of the £4.3m Contingency Reserve has been released into the month 6 position to cover operational pressures at the half-way point in the year and at this stage it is assumed that the remaining £2.3m of Contingency Reserves will be sufficient to cover any shortfall in the second half of the year and as such the full year forecast remains in line with the plan.

NHSI, wrote to all provider Trusts on the 17 October outlining further measures being taken to reduce agency spend and it is clear that the pressure to reduce agency spend is mounting. The actions that need to be taken by the Trust are being finalised. Temporary Staffing use across the Trust continues to grow and agency spend is more than 50% above the ceiling set by NHSI resulting in additional scrutiny and a maximum financial and use of resources risk rating of 3 (where 1 is least risk and 4 is highest risk).

1. **Care Quality Commission Inspection and improvement plans**

The Trust has been informed by the CQC that our GP Out Of Hours (OOH) services will be inspected on 7th, 8th and 9th November.

With regard to the ongoing implementation of our quality improvement plans, progress continues to be monitored through an action plan review group and the testing of evidence for completed actions continues with a focus on whether the required outcomes have been achieved. Upward reporting to the Quality Committee continues. The Oxfordshire CCG is the lead commissioner to sign off the completion of actions across all three improvement plans through the existing quality review meetings, on a quarterly basis.

1. **Contract position FY17** Contract position

* **FY17**

The position continues with only one contract remaining to be signed, that with Oxfordshire CCG (**OCCG**). OH, OUH and OxFed (GP Federation) submitted a proposal in September to develop an integrated partnership approach, particularly around the frail & elderly urgent care pathway, and further information is included in the following paragraphs. With OCCG in a tight financial position we continue to work to finalise our contract in line with our original financial plan assumptions in September.

* **Forward view 17/18 onwards**

We remain committed to progressing proposals with Oxford’s GP Federations to establish opportunities for more formal partnerships and collaborations in the context of the broader transformation themes and contracting arrangements. In keeping with that approach OxFed , OUHFT and Oxford Health FT submitted a Letter of Intent to the CCG at the end of September, exploring a united approach to new models of delivery and contracting, to be operational across much of the County from 1st April next year, and delivered potentially through formation of an Accountable Care Organisation.

The CCG has replied to our proposal and also to separate proposals received from SEOX ; Abingdon Healthcare Federation and from PML GP Federation.

The CCG Board considered each of these responses at a private session of their Board on 29th September and the CCG have subsequently reminded each party what they set out to achieve with OUHFT and OHFT through a focus on negotiating a single contract and integrating the services which are split between the two trusts. As agreement was not reached with the OUHFT and OHFT on a single operating model and contract the CCG have outlined what they want to see next:

* Implementation of integrated locality teams across the whole area; single management of our bed base, rather than being split between OUHFT and OHFT;
* new outcome based models for long term condition management in diabetes, COPD, heart failure
* a single contract between the CCG and OUHFT/OHFT/federations for the next two years for these services
* the involvement of primary care in any new organisational and contractual models developed
* resources moved from secondary care into primary care, with a specific plan for this agreed with primary care
* an improved system for managing financial risk
* delivery of NHS Constitution targets

It is acknowledged by the CCG that this is a significant ask, however it is critical that we are able to move this forward at pace. The CCG see this as not just about the operational management of these services or management of the financial risk, but also about creating the “delivery vehicle” for the Transformation Programme. The CCG Board recognises the complexities involved with what we are all aiming to achieve and was pleased to see the positive responses and the commitment to the future vision.

This now needs to be translated into positive action and real change being implemented and as such the CCG have asked to see as soon as possible, a timetable being set out for implementing the service improvement proposals. It is also really important that any processes put in place involve all federations, to the extent that they wish to be involved. This has to be a partnership between the two trusts, the federations and the CCG.

Whilst the proposal from OUHFT, OHFT and Oxfed described a vision to ultimately create an Accountable Care Organisation, the CCG believe that as a first step we should concentrate on integrating service delivery (as a means of improving delivery of NHS Constitutional Standards) avoiding any distraction through discussions about the ultimate organisational form. Once the CCG can see that there is progress on the six bullet points set out above, they are prepared to engage in discussions about future organisational form.

Since our proposal, NHSE has issued the Operational Planning Guidance for the next two years and set out the requirement for two year contracts to be agreed by **23rd December**. The CCG is aiming to complete this by **30th November** and it is their intention to have a single contract for the next two years. The planning guidance also enables systems to have a single control total for next year and the CCG has confirmed they believe this is something that should be requested of NHSE and NHSI.

A follow up meeting will take place at the end of October and whilst the CCG express confidence that progress will be positive, their Board want to make it clear that should insufficient progress be made, they retain the right to run a procurement process. The onus is on us all to make a success of this.

1. **Electronic Health Record** (**EHR**)

The versions of Carenotes in use by the Trust are the latest release of the product and we continue to work with the system supplier to improve overall performance.  In agreeing the steps necessary to confirm the roadmap for Carenotes over the coming years, further detailed work has been completed on the action plan although full agreement to the plan has not yet been finalised. There is however growing evidence in support of an optimistic outlook.

Implementation continues to illustrate an improving picture, with the system found to be generally stable since the last update in July. The focus thus far has been predominantly on mental health services but we are now beginning to have capacity to extend the focus into community services. Teams have worked closely with clinical staff to understand the impact of implementation on them and on our patients, which is a situation we wish to continually improve and we have already progressed collaborative advancements in such as streamlining navigation functions and redesigning clinical forms.

1. **Academic Health Science Centre (AHSC) – creation of a legal entity**

A Chief Operating Officer has been appointed to the AHSC to ensure that we have momentum and leadership behind our research workstreams. It has become clear from the discussions with the AHSC partners that there is a need to have appropriate distance between the day to day business of the individual institutions and strategic initiatives that represent the collective will/interest of the AHSC partners to further the aims and goals set out in the AHSC application. This has become particularly relevant with the initiative on healthcare interoperability and the need to engage in cross sectors working on complex solutions. Moreover, a separate legal entity can be used as a vehicle for collective efforts in areas such as innovation, training, education and public engagement for example.

A paper has been presented to the AHSC Board which describes the proposal to create a Charitable Incorporated Organisation (CIO) to provide a delivery vehicle for the AHSC partnership. In the short term, the CIO will be charged with delivering the digital healthcare interoperability initiative. Our Board considered and approved the proposal at its private session in October. The Partner Boards will also be considering the proposal at their October/November Board meetings.

1. **New Models of Care for Tertiary Mental Health Services**

My last report, and the discussions in the private session of the September Council meeting underlined our success with the mental health care partnership bid following the opportunity to express an interest in secondary mental health providers managing care budgets for tertiary mental health services to develop a new model of care for low and medium secure adult mental health services in Buckinghamshire, Oxfordshire, Berkshire (East and West), Hampshire and Isle of Wight, Dorset and Milton Keynes.

Since my last report, it has been necessary centrally to ‘catch up’ with this direction of travel in terms of both regulation and statute, which includes the current FT Licence restrictions, and as such following the signing of a Shadow Form Agreement, the new care model went live in shadow form on 1st October. By way of explanation, this means that NHS England remains responsible for the indicative budget for the remainder of the financial year. OHFT is now receiving full access to financial, contractual and patient level information to enable full due diligence and a complete business case to be prepared for sign-off in December alongside developments in the governance structures to support go-live (subject to satisfactory due diligence) in April 2017. NHSI is currently working through the status of this nationally led initiative in order to establish requirements with regard to the definition of the transaction, which is to include development of an understanding of any formal role for respective Councils of Governors. This matter will be discussed in the strategic session of the Council meeting, as in any event I am keen to ensure the Governors are supportive of our examination of this opportunity.

1. **Southern Health – Learning Disability services**

We have continued to work in partnership with Southern Health and other key stakeholders to increase our in depth understanding of the services offered by Southern Health to people with a learning disability and their families in Oxford. This has of course continued to be an extensive piece of detailed work which is guiding our decision making with regard to the potential for transitioning these services into Oxford Health.

I have also received a request from NHS England to determine if Oxford Health would consider taking over the provision of the Evenlode unit until the clinical services review that is about to start at Southern Health is concluded. This clinical service review will also play into a piece of work NHS England are doing around capacity modelling for learning disability services so they consider it timely that the two things will come together.

The due diligence will extend appropriately into a full assessment of the services delivered on the Evenlode unit and any subsequent recommendation, to include service model proposals, will be incorporated into the final proposals subject to Board decision.

Agreement surrounding the financial modelling for local services is due to conclude between the Trust and the CCG by 31st October, 2016.

1. **Refresh of the Joint Health and Wellbeing Strategy 2016-2021 - Buckinghamshire**

All stakeholders have been invited to support the Health and Wellbeing Board in seeking views on the refresh of the Joint Health and Wellbeing Strategy for Buckinghamshire which is due for publication in early 2017. The Joint Health and Wellbeing Strategy is a responsibility of the local authority and local NHS clinical commissioning group partners to prepare and publish, through the Health and Wellbeing Board. Building on the priorities set out in the Joint Health and Wellbeing Strategy 2013-16 they are looking to ensure that the strategy is fit for purpose for the next five years and is aligned with future plans across health and wellbeing partnerships in the county.

This report on the [refresh of the Joint Health and Wellbeing Strategy for 2016-2021](http://www.buckscc.gov.uk/media/4499675/HWB_JHWBS-Refresh_Engagement-Document-Oct-2016_final.pdf) provides background information and context of the refreshed priorities to seek early views and contributions from stakeholders by 22nd November 2016.

1. **New Single Oversight Framework**

NHSI have published a new Single Oversight Framework which came into effect on 1st October replacing the risk assessment framework and oversight of all providers will now be based on the conditions of the NHS provider licence.

NHSI will segment providers into four categories (taking into account nature of concerns, understanding of drivers of the issue, plans to address the issue, and progress against recovery trajectories):

1. No evident concerns
2. Emerging concerns/ minor issues (with targeted support offered)
3. Serious issues (with mandated support required, as well as offers of other areas of targeted support)
4. Critical issues (with mandated support required, as well as offers of other areas of targeted support)

Notwithstanding the impact of such as agency spend, our initial segment rating is '1' which in accordance with the Single Oversight Framework affords us more autonomy for the duration of our positioning in that segment. It is reviewable quarterly, and consequentially it is prudent to anticipate recurrent change in light of the sensitivities which affect its determination. There has been a national announcement publicising all Trust’s starting positions

1. **Recommendation**

The Council of Governors is invited to note the report and to seek any assurances pertaining to matters arising from it where necessary.

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