

REPORT TO THE TRUST BOARD IN PUBLIC Date: 22.01.2013 Agenda Item: 7	
Title	Chief Executive and Directors' Report
Sponsoring Director	Chief Executive – Katrina Percy
Author(s)	Chief Executive – Katrina Percy and the Executive team
Purpose	To update the Board and for discussion
Previously Considered by	None
Executive Summary See attached paper	
Related Trust Objectives/Priorities	Sub Objectives/Priorities
All	All
Risk and Assurance	Management of risks and Board assurance on progress of Trust
Related Assurance Framework/Risk Register Entries	All
Legal Implications	N/a
Resource Implications	N/a
Regulatory Requirements	All
Action Required The Board to consider and accept	

Chief Executive and Directors' Report – 22.01.2013 – Public Trust Board

Chief Executive's Report

1. Update on Director of Finance

1.1. Gary Bryant, currently Deputy Director of Finance at East Sussex Hospital Trust will take over formal accountability as Interim Director of Finance from 31.01.2013. Gary joins us for a one year secondment. In the meantime, Helen de Val, Deputy Director of Finance, will continue to cover Director of Finance & Corporate Services, David Robertson's, annual leave.

2. South Central – Thames Valley and Wessex Leadership Academy Board

2.1. Katrina Percy takes up the role as Chair of the Thames Valley and Wessex Leadership Academy Board for NHS South of England at their first meeting on 01.02.2013.

3. Broadening the Foundation Programme – Health Education England

3.1. Katrina Percy has formally taken on the Chair role for the Better Care Sub-Group which reports to the Broadening the Foundation Programme. This sub-group has been established to review training for Foundation Year Doctors to reflect new ways of working, for example, shifting care out of acute hospitals.

4. Clinical Commissioning Groups' (CCGs) Status of Authorisation

4.1. The current position of authorisation of CCGs can be found at Appendix 1.

5. What to expect from The Francis Report

5.1. Robert Francis QC will publish the final report into the public inquiry into Mid Staffordshire NHS Foundation Trust at the end of January 2013. There is speculation about what the report will contain but agreement that the inquiry's recommendations may lead to significant changes in requirements on how the NHS approaches quality. Areas the report is likely to focus on will be NHS/Providers to be truly patient-centred, Staff Engagement and Quality Governance; Appendix 2 expands on these areas.

Chief Operating Officer's Report

6. Chief Operating Officer's Report

6.1. The Christmas period has not presented any unforeseen operational challenges and, as anticipated, following seasonal patterns there are widespread operational system pressures in the first weeks of the New Year. SHFT has responded appropriately to wider system challenges such as *Norovirus* outbreaks and additional demand within the acute sector; area specific detail is provided later in this report.

6.2. There is focussed activity on the final stages of the development of the Business Plans for 2013/2014. The Executive will be challenging the planning assumptions, key performance outcomes and financial planning this week, cognisant of latest National Commissioning Board (NCB) guidance; Everyone Counts: Planning for Patient 2013/2014.

6.3. Contract negotiations have commenced and the new commissioning landscape alongside the fiscal challenge to the public sector means that this period of negotiation is critical to the ongoing success of our services. As such it is an Executive priority to have ongoing and open dialogue with the Clinical Commissioning Groups.

6.4. As previously presented to Board, and in line with our strategic objectives and clinical strategy, I am delighted to confirm that following consultation and an assessment centre in December we have established Integrated Service Divisions in 'South East Hampshire' and 'Southampton and West Hampshire'. The realisation of this exciting next step signals clear progress towards developing a platform for the provision of integrated care in local communities providing care that is orientated around the person / patient rather than the organisation. They will be led by Clinical Directors in partnership with Integrated Service Directors.

6.5. The following individuals were formally appointed:

- Dr John Byrne – Clinical Director Southampton and West Hampshire
- Chris Ash – Integrated Service Director Southampton and West Hampshire
- Dr Martyn Diaper – Clinical Director South East Hampshire
- Gethin Hughes – Integrated Service Director South East Hampshire

7. Divisional Update:

Adult Mental Health

7.1. Adult Mental Health (AMH) is very focussed on planning for 2013/2014 with cultural and quality improvements organised around recovery principles. The launch of the Recovery College in April is a tangible component of this work. Current financial planning assumptions are challenging in the context of the significant cost reductions and service redesign delivered over the last 2 years. There is scope for strengthening pathways between primary and secondary care, to improve outcomes, manage demand and reduce costs but this requires a level of engagement from GP colleagues which we have not yet secured consistently.

7.2. As planned, a new Mental Health Division combining current AMH and Specialised Services Divisions (SSD) will be created from April 2013. Key milestones are currently being identified and staff engagement is beginning. The current leadership teams across AMH and SSD met recently to start the strategic dialogue about our future vision for services.

Learning Disabilities

7.3. Business plan and financial recovery plan are in the final stages of completion and we are confident these plans will secure a sustainable and high quality service. Staff have settled into being employed and led by SHFT and the clinical service improvements are underway.

Social Care

7.4. The Social Care Division has been negotiating with Unions about the introduction of local terms and conditions for all staff; the Unions have concluded that they are not in a position currently to continue with these discussions and have withdrawn from negotiations. The Division will now look to consult with all staff with a view to moving away from current terms and conditions during 2013/2014; this will enable the Division to become competitive with other providers remaining financially sustainable whilst continuing to deliver high quality care.

7.5. The Division welcomed over 600 staff in November from Ridgeway. Integration, governance structures, financial recovery and business planning are currently on plan.

7.6. TQ at Home has now been launched (supporting the older people's pathway); currently working with the South West area to enable earlier discharge from hospital. Feedback is positive however consistent funding for this service is still to be established.

South East Hampshire

7.7. Work is well under way with business planning for 2013/2014 with a clear strategy of continuing the excellent progress seen in 2012/2013. The breakeven financial position that will be achieved at the end of 2012/2013 will be a significant challenge in 2013/2014 and robust integration plans will be key to a strong financial delivery whilst not reducing service quality. There is ongoing support from local GP's - both commissioners and providers to work together, with a particular emphasis on primary care integration with integrated community teams.

7.8. Portsmouth Hospital Trust (PHT) has been consistently on 'red', throughout most of December 2012 and into January 2013, this represents a system under significant operational challenge. We have actively participated in system responses, which have included daily conference calls. We have continued to have a presence on site working alongside partners to expedite discharges. Effective from 07.01.2013, we have gone live as a system, using winter monies, with an integrated outliers focussed team. This is a joint initiative between PHT, SHFT and Solent NHS Trust. To enhance admission avoidance and for delivery of CQUIN we have worked jointly with Solent on the implementation of the 'Community Assessment Lounges'. These and other work streams such as falls, heart failure and dementia are part of the South East System Unscheduled Care Board plans.

South West Hampshire

7.9. In January 2013, the new Integrated Services Division (ISD) for Southampton & West Hampshire came into being, bringing together SHFT's physical and mental health services for frail older people and people with multiple health conditions. Dr John Byrne and Chris Ash were appointed into the leadership roles for the new Division in late December 2012, and are now leading intensive work to bring together the plans for 2013/2014. The most important strands of these plans will be the development of an integrated, primary-care facing health and social care model informed by proactive management of patient risk, and the design of an integrated, community-facing model for the acute care and post-acute rehabilitation of frail older people. These objectives tie closely into the Emergency Care Intensive Support Team (ECIST) plan for the University Hospital Southampton system, the recommendations of which are fully supported by Southern Health. The Trust is working in close partnership with University Hospital Southampton (UHS) and Solent NHS Trust to progress these plans. Within the scope of this programme of work is the task of maximising the role of Lymington New Forest Hospital as a centre for emergency care, and this sits alongside ongoing work to divest of SHFT's role in surgical service provision from this site. In the Winchester area, Southern Health is collaborating closely with West Hampshire CCG, Hampshire County Council Adult Services, and Hampshire Hospitals, on a national pilot for the proposed 'Year of Care' funding model. This work is of massive strategic importance to the Trust, as it paves the way for capitated funding for the integrated care of the types of patient who form SHFT's core business. The project is currently in the process of testing the methodology for identification of the relevant patient cohort and the associated costs of their care.

North Hampshire

7.10. The North Hampshire CCG health economy has experienced operational pressure with Hampshire Hospitals NHS Foundation Trust at 'amber alert' last week, and 'red alert' more recently exacerbated by a recent Norovirus outbreak. The Area Director has participated in 3 daily conference calls ensuring SHFT services are responsive and widely supportive of wider system pressure; this has been acknowledged by the CCG.

Mid West Hampshire

7.11. The Mid West Division are managing winter pressures well with daily resilience reporting across Integrated Care Teams and other programs of work managed through the Winchester System Resilience Group and the Winchester Unscheduled Care Board.

7.12. There is a sense of stability in the division with the on-going development of a practical open working style with CCG and local partner colleagues. CQUIN schemes deliver as planned with one project that has been a vocal success, the 'Care Home in Reach Project' (CHIRP). This scheme supports three key nursing homes under the care of an integrated local team across primary and secondary care teams; there have been no hospital admissions since commencing in September.

North East Hampshire

7.13. North East Hampshire has experienced acute health system pressures intermittently in the last few weeks with Frimley Park Hospital (FPH) on 'red alert' on a number of occasions. We have worked with our colleagues in FPH to actively manage any patients that can be discharged with our support and have flexed criteria to take patients into Fleet Hospital, negotiating additional admissions in to the rehab beds in order for this to happen.

Older Peoples Mental Health

7.14. The Older Peoples Mental Health Division has successfully completed phase three of its inpatient strategy, continuing to develop services where there is less reliance on inpatient beds and patients are treated at home, resulting in better outcomes. The multi disciplinary community services have been re-designed to provide equity and cost effectiveness. The integration of both older people's mental health and physical health services following clinical pathways of care continues to plan. A review of staffing levels and skill mix, to ensure that we have competent and appropriately trained staff to deliver a wide range of specialist interventions, has been completed.

Specialised Services

7.15. The Executive Team scrutinised the developing strategy for 'Secure Services' and agreed to commission a further detailed feasibility study to understand the best way to secure a sustainable future for Secure Services. The expectation is this will be completed and in a position to present the outcome to Board by April 2013. The development of the new acute low secure facility at the Woodhaven Site at Tatchbury remains on plan and will be completed with the service opened from April 2013.

7.16. Specialised services and AMH are beginning the initial workshops and governance processes to achieve an integration of a Mental Health Division by April 2013.

7.17. A recent report from children's commissioners regarding Bluebird House was on the whole very positive.

Children's Services

7.18. The workforce increase of Health Visitors (HV) in line with the National Plan to achieve an increase of 2,400 by 2015 continues on plan. For Hampshire this is a doubling of HV numbers the final position to be achieved by 2015 is 242 WTE. The performance trajectory demonstrating the activity of the new offer from the additional skilled resource is also on plan, delivering on our agreed performance year to date.

7.19. We are in the process of liaising with the commissioners for children's services, in preparation for the changes in commissioning for public health and school nursing to the Local Authority and Health Visiting to the National Commissioning Board. The CCG's will commission safeguarding and children's therapies, this will be done via NE CCG as lead commissioner with a hub and spoke model.

7.20. The review of children's therapies continues to progress and we should achieve an agreed contract service specification position by April 2013.

Chief Medical Officer's Report

8. Quality

8.1. In December 2012, we received a letter from Monitor advising us the Trust's Governance Risk Rating (GRR) had been amended from Amber-Red to Amber-Green to reflect the Trust returning to compliance with its constitution following recent governor appointments. The Quality Governance Framework, which has been completely revised, was also forwarded to Monitor in December 2012, and we are awaiting feedback and indication whether this sufficient evidence of the robustness of quality governance arrangements to return the GRR to Green.

8.2. Following the Seminar session with the Board on 28.11.2012, the draft Quality Strategy is being prepared and the Board will be consulted further as it is developed and presented for final approval in March 2013. Preparations for the current years Quality Account are also about to begin; one of the key elements of the Account will be agreement of quality priorities for 2013/2014 and the process for determining these will include consultation with the Council of Governors, Board members, patients, users and staff.

9. Care Quality Commission Inspections

9.1. There have been four Care Quality Commission inspections of Trust services during Quarter 3:

- a) Ravenswood (AMH) – seven outcomes inspected – compliance in 6, non-compliant in one (moderate concern) relating to record keeping. Action plan to remedy submitted to CQC in December 2012;
- b) 74 Central Road (Social Care) – five outcomes inspected – all compliant;
- c) Elmleigh (AMH) – seven outcomes inspected – all compliant;
- d) Quay Haven (Social Care) – six outcomes inspected – compliant in 5, non-compliant in one (minor concern) relating to medicines safety. The final report has just been received an action plan is currently being prepared.

9.2. Mock inspections continue to take place to validate services and are meeting the required standards. There has been agreement these will continue into 2013/2014 with all teams/units/sites having at least one internal inspection per annum with high risk services receiving period inspections throughout the year.

9.3. The Health Select Committee has completed its annual accountability review of the Care Quality Commission and has concluded that it is not performing adequately in its primary role of assuring essential standards of quality and safety. The Committee makes a number of recommendations and it is likely these will lead to changes in the essential standards and the inspection regime in due course.

10. Technology – Network Update

10.1. Technology are on track with the project of work to improve the substandard network links as per the agreed Technology Strategy and supporting Outline Business Case for improving the IT Infrastructure that was approved by the Board at the beginning of this financial year.

10.2. Existing contracts for links to Southern Health sites will be transferred over to Southern Health progressively from 01.04.2013.

10.3. Those which are substandard will be upgraded using the agreed £177k capital.

Director of Finance and Corporate Services' Report

11. Financial Performance as at 30.11.2012

Income and Expenditure/EBITDA

11.1. The year to date normalised surplus is £3.2m which is in line with plan, and the forecast normalised surplus for 2012/2013 remains on plan at £4.8m.

11.2. The forecast year-end non-normalised surplus also remains in line with plan at £2.8m, after allowing for impairment charges anticipated on the Trust's properties at the end of the financial year and restructuring costs following the acquisition of Ridgeway in November 2012.

11.3. Within the overall position, the variance against plan is in the SW Integrated Community Service (planned care), Dental Services and the Continence Service. This variance is being mitigated by the non-recurrent CQUIN income and the application of in-year contingency reserves. This is the first month when Learning Disability and Social Care Services in Oxfordshire and Buckinghamshire have been incorporated into the Trust's financial position. These services are currently delivering as planned.

	Year to date			Full year forecast		
	Plan £m	Actual £m	Variance £m	Plan £m	Forecast £m	Variance £m
Income	214.7	214.1	(0.7)	333.0	333.0	0.0
Expenses	(204.9)	(204.3)	0.6	(318.0)	(318.0)	0.0
EBITDA	9.8	9.8	(0.1)	15.0	15.0	0.0
Interest & Depreciation	(6.6)	(6.6)	0.1	(10.2)	(10.2)	0.0
Normalised Surplus/(Deficit)	3.2	3.2	0.0	4.8	4.8	0.0
Normalising items	0.0	(0.2)	(0.2)	(2.0)	(2.0)	0.0
Non Normalised position	3.2	3.0	(0.2)	2.8	2.8	0.0
Cost Improvement Programme	9.3	7.8	(1.5)	14.1	12.6	(1.5)

12. Financial Regulator metrics

12.1. All of the key financial indicators are in line with plan at the end of November 2012, and are forecast to remain on plan to the end of the financial year.

	Year to Date		Forecast to Year End	
	Plan	Actual	Plan	Actual
Achievement of plan	100%	99.2%	100%	100%
Income & Expenditure – normalised	£3.2m	£3.2m	£4.8m	£4.8m
Income & Expenditure – non-normalised	£3.2m	£3.0m	£2.8m	£2.8m
EBITDA margin	4.6%	4.6%	4.5%	4.5%
Cost Improvement Programme (CIP)	£9.3m	£7.8m	£14.1m	£12.6m
Liquidity days	32	34	30	30
Cash balance	£26.0	£24.7	£26.0m	£17.5m
Return on Assets	3.0%	3.1%	3.1%	3.1%

Financial Risk Rating	3	3	3	3
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13. Cost Improvement Programme

13.1. The Cost Improvement plan is delivering 71% of schemes recurrently year to date, with the remaining CIP being realised non-recurrently.

14. Balance Sheet

14.1. Net current assets are £8.8m (excluding assets held for sale), which is a £1.2m favourable variance compared to plan. This is predominantly due to slippage on the capital investment programme, which is forecast to deliver to the agreed plan by the end of the financial year.

14.2. At 30.11.2012, the Trust had liquidity days of 34. Liquidity days are forecast to reduce to 30 days by the end of March 2013, in line with the initial plan, as the capital investment programme is delivered in the latter part of the year. Two assets held for sale and planned for disposal prior to the date of the acquisition of Ridgeway remain unsold, which have also had an impact for the year to date.

15. Cash and Capital Expenditure

15.1. The cash balance as at 30.11.2012 is £24.7m, an adverse variance against the initial Trust plan of £1.3m. However this is in line with the cash reforecast exercise undertaken in July (the plan numbers shown in the table above are as per the original plan submitted to Monitor). The Trust holds cash in hand equivalent to 28 days of operating expenses which is in excess of Monitor's minimum target of 10 days. Forecast cash in hand at 31.03.2013 remains at £17.5m.

16. Contracts

16.1. A number of contractual issues have been resolved during the last two months that have brought further clarity to the year end forecast. Once contractual sign off has been received, these will be factored into the financial position.

Director of Workforce, Development and Communications Report

17. Electronic Mandatory Training in GP Practices

17.1. LEaD is currently doing a trial with a local GP practice to provide all their needs for mandatory training in an electronic format. Bobby Scott, Associate Director of Leadership, Education & Development, has matched all their needs against the impending CQC requirements. GP's will need to be compliant with these standards by April 2013.

17.2. The trial will be formally reviewed between February 2013 and March 2013, and if successful could be rolled out to all GP practices in the South Central region or further afield with minimal set up costs for Southern Health. This could be utilised as an income generation activity or could be given cost neutral to GP practices to enhance the commissioning relationship with Southern Health. This piece of work could really enhance our embryonic relationships with GP's.

18. Agenda for Change

18.1. Following national negotiations, Trade Unions have agreed to consult their members on proposals to change the Agenda for Change terms and conditions of service. If agreed, these will become effective from 01.04 2013 and will include the following provisions:

- a) Incremental pay progression will be conditional upon staff members demonstrating their knowledge, skills and competence;

- b) Progression to the last two points in pay bands 8c, 8d and 9 will be annually earned and once awarded will be dependent upon meeting the appropriate local level of performance in a given year as to whether these points are retained;
- c) There will be flexibility to apply alternative pay arrangements to the most senior posts;
- d) Accelerated pay progression for new entrants to Pay Band 5 will be removed;
- e) Pay during sickness absence will be paid at basic salary level and will not include any other allowances such as unsocial hours payments etc., other than when absence is due to a work related injury or disease

18.2. The Strategic Workforce Committee will be agreeing how these proposals are best implemented within the Trust.

31. New Occupational Health Service

18.3. Atos Healthcare have been appointed as the new Occupational Health service provider for the Trust, effective from 02.01.2013. The emphasis will be on enabling all our staff to work wherever possible by ensuring prompt access to a first class, occupational health service available across all of our diverse locations. Atos will provide a range of services, including a highly efficient employment health screening programme, an absence management service, and a fully managed immunisation programme that forms part of a wider infection control scheme. Atos also offer a 24-hour needlestick support line and other supporting services.