

Board of Directors Meeting

Report

Subject: Monitor Compliance Report

Date: 22nd December 2015

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Executive Summary

Monitor write to the Trust quarterly regarding their assessment of the trusts ratings for Financial Sustainability risk rating and Governance, this assessment is based on an analysis of the Trusts Q2 Submissions

The trusts current ratings based the trusts Q2 submissions are:

- Financial Sustainability risk rating: 2
- Governance rating: Red

Financial Sustainability risk rating:

The Financial Sustainability risk rating replaced the Continuity of Service risk rating in August 2015 when the revised Risk Assessment Framework was issued by Monitor.

An assessment under Monitors Financial Sustainability risk rating describes the risk of a provider of commissioner requested services (CRS) ceasing to be a going concern and its overall financial efficiency. This rating represents Monitor's view of the likelihood that a licence holder is, will be or could be in breach of the Continuity of Service (CoS) licence condition 3 and/or the provisions of the NHS foundation licence Condition 4 (governance) which relate to finance.

Requirements of the continuity of services licence conditions requires CRS providers to :

- Be financially viable
- Co-operate with Monitor
- Provide assurance on commitment and capability to provide CRS
- Maintain CRS provision

The relevant provisions of Condition 4 are:

- Foundation trusts must establish and effectively implement systems and processes to ensure compliance with the duty to operate economically, efficiently and effectively
- Foundation trusts must establish and effectively implement systems and processes for effective financial decision-making, management and control.

There are 5 levels of ratings 4, 3, 2*, 2 and 1

A risk rating of 2 is described by Monitor as likely to represent a material level of financial

risk. If a foundation trust is rated ‘1’ on any individual component of the financial sustainability risk rating, its overall score will be capped at 2. A risk rating of 2 could indicate a potential investigation.

Governance rating:

The status of NHS foundation trusts is reflected in additional conditions in their licence. Condition 4 (the governance condition) sets out the overall standards set by Monitor for different aspects of the trusts governance. Monitor generate the rating by considering the following information and whether it is indicative of a potential breach of the governance condition:

- Performance against selected national access and outcomes standard
- Outcomes of CQC inspections and assessments relating to the quality of care provided
- Relevant information from third parties
- A selection of information chosen to reflect organisational health at the organisation
- The degree of financial sustainability risk and other aspects of risk relating to financial governance and efficiency.
- Any other relevant information

Governance risk rating are assigned as follows:

- Green – if no governance concern is evident or where Monitor are not currently undertaking a formal investigation
- If Monitor identify potential material causes for concern with governance in one or more of the categories the green rating is replace with ‘under review’
- A red rating is assigned if Monitor are taking regulatory action under s105, s106, s111

Recommendations:

Board are asked to note the letter and the definitions of the ratings

Relevant Strategic Priorities (please mark in bold)

To consistently deliver a high quality patient experience safely and effectively	To develop extended clinical networks that benefit the patients we serve
To eliminate the variability of access to and outcomes from our acute services	To provide efficient and cost-effective services and deliver better value healthcare
To reduce demand on hospital services and deliver care closer to home	

How has organisational learning been disseminated	N/A
Links to the BAF and Corporate Risk Register	Links to all principal risks with regard to achievement of strategic priorities
Details of additional risks associated with this paper <i>(may include CQC Essential Standards, NHSLA, NHS Constitution)</i>	N/A
Links to NHS Constitution	N/A

Financial Implications/Impact	N/A
Legal Implications/Impact	Further license conditions and enforcement action
Partnership working & Public Engagement Implications/Impact	N/A
Committees/groups where this item has been presented before	N/A
Monitoring and Review	Quarterly
Is a QIA required/been completed? If yes provide brief details	N/A