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| MEETING TITLE Trust Board Meeting in Public | | MEETING DATE 26/05/2015 | |
| TITLE of PAPER | For Assurance: The 2015-2016 Accountability Framework for NHS Boards | PAPER REF | 6.2 |
| STRATEGIC OBJECTIVE | All | | |
| PURPOSE OF THE PAPER | To inform the Trust Board of the publication and content of the NHS TDA Accountability Framework for NHS Trust Boards, effective from 1 April 2015. | | |
| For Approval | <input type="checkbox"/> | For Assurance | <input checked="" type="checkbox"/> |
| For Decision | <input type="checkbox"/> | Discussion/Information | <input checked="" type="checkbox"/> |
| AUTHOR / LEAD | Alex Crickmar, Interim Executive Director of Finance & Performance | ACCOUNTABLE DIRECTOR | Rod Barnes, Chief Executive |
| DISCUSSED AT / INFORMED BY | | | |
| PREVIOUSLY AGREED AT: | Committee/Group: | Date: | |
| RECOMMENDATION | It is recommended that the Trust Board notes and accepts the contents of the NHS TDA 2015/16 Accountability Framework for NHS Trust Boards. | | |
| RISK ASSESSMENT | | Yes | No |
| Corporate Risk Register and/or Board Assurance Framework amended <i>If 'Yes' – expand in Section 4. / attached paper</i> | | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| Resource Implications (Financial, Workforce, other - specify) <i>If 'Yes' – expand in Section 2. / attached paper</i> | | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| Legal implications/Regulatory requirements <i>If 'Yes' – expand in Section 2. / attached paper</i> | | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| Equality and Diversity Implications <i>If 'Yes' – please attach to the back of this paper</i> | | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| ASSURANCE/COMPLIANCE | | | |
| Care Quality Commission | | All | |
| Monitor Quality Governance Framework | | All | |

1. PURPOSE/AIM

Cover Paper: Revised October 2014: Trust Secretary

- 1.1 The purpose of the paper is to inform the Trust Board of the publication and content of the revised NHS TDA Accountability Framework for NHS Trust Boards, effective from 1 April 2015.

2. BACKGROUND/CONTEXT

- 2.1 On 31 March 2015 the TDA published *Delivering for Patients: the 2015/16 Accountability Framework for NHS trust boards*. The full document is attached at Appendix 1.

The Accountability Framework is the one place for all of the key policies and processes which govern the relationship between NHS Trusts and the TDA. It sits alongside other key documents, including 'Delivering in a challenging environment: Refreshed plans for 2015/16' and the 'NHS Five Year Forward View'. It covers the TDA's oversight and escalation mechanisms and its development and support offer for NHS trusts. It also sets out the pathway for Foundation Trust authorisation, and the process for assessing capital investments.

The refreshed Framework continues to focus on three key areas of responsibility:

- Oversight and escalation
- Development and support
- The approvals process for Foundation Trust, transactions and capital investment

2.2 Oversight and escalation

This includes the way in which the TDA measures and scores the quality and sustainability of services and how the TDA holds trusts to account for delivering the required standards. It also covers expectations of trusts in terms of senior appointments, the handling of whistleblowing cases and information governance.

2.2.1 Quality

For 2015/16, the TDA will continue in their use of the five domains used by CQC: Caring, Effective, Responsive, Safe and Well-led. The indicators that will be used in each of the five domain areas are laid out in Section 2 of the framework. There is no intention for the accountability framework oversight to attempt to replicate the CQC risk ratings, rather oversight will align with the CQC where possible. The indicators that will be used in each of the five domain areas are detailed in Figure 2 of the Accountability Framework (pages 11 to 15).

2.2.2 Finance

The oversight model comprises two assessment categories, in-year financial delivery and continuity of service. The liquidity measure has been updated to reflect the latest funding arrangements. The final plan submitted by trusts in May 2015 will comprise a key element of the in-year monitoring process and Trusts should expect their progress to be measured against it.

2.2.3 Sustainability

In evaluating sustainability the TDA will focus on the credibility of each Trust's five year plans (last submitted in June 2014). The TDA continues to work through the five-year plans of NHS trusts to understand their likely trajectory towards a sustainable organisational form.

This work has allowed the TDA to decide on six broad segmentation groups:

- i.** Organisations with a clear and credible plan for reaching foundation trust status and a timeline of less than two years for doing so (category A1);
- ii.** Organisations with a clear and credible plan for reaching foundation trust status and a timeline of less than four years for doing so (category A2);
- iii.** Organisations with the potential to reach foundation trust status but which currently lack a clear and credible plan and timeline for doing so. Our intention is that this would be a small, time-limited group which can be targeted for intensive development support (category A3);
- iv.** Organisations that cannot reach foundation trust status in their current form and where acquisition by another organisation is likely to be the best route to sustainability (category B1);
- v.** Organisations that cannot reach foundation trust status in their current form and where a franchise, management contract or other innovative organisational form is likely to be the best route to sustainability (category B2);
- vi.** Organisations where further work is needed to determine the best route to sustainability (category C)

Segmentation categories will be confirmed upon completion of the 2015/16 planning process and the TDA will publish the results in summer 2015. YAS is expecting to be categorised as A1.

A further change to the framework in 2015/16 is the inclusion of the Fit and Proper Persons Regulations in respect of Chair and non-executive appointments.

2.3 Development and support

During 2014/15 the TDA received a significant increase in its overall budget. This has enabled it to adopt a more structured approach to development and support in 2015/16. The TDA aim is to provide three core levels of support to NHS organisations and their leaders:

2.3.1 A professional leadership and development programme for chairs and their boards, medical directors, nurse directors, finance directors, communications and strategy directors and CEOs;

2.3.2 A range of medium-term support programmes, to be delivered over 12-18 months to support cohorts of NHS trusts, to address key underlying issues, for example, improving flow, modernising the emergency care pathway and service integration;

2.3.3 A partnership programme, running over 3-5 years, to create partnerships between a small number of NHS trusts and successful improvement organisations to support trusts to fundamentally improve their management systems and processes to become sustainably more efficient and effective in the long term.

2.4 Approvals process

2.4.1 Foundation Trust Assessment Process

There are a number of changes to the assessment process for aspirant foundation trusts.

Well-led Framework assessment

In 2014/15 the TDA published, in conjunction with Monitor and the CQC, an aligned Well-led Framework, providing a single shared approach to assessing provider leadership. This builds on and replaces both *the Quality Governance Framework* and the *Board Governance Assurance Framework*. It is aligned with the CQC's new inspection regime to create a single definition of a well-led organisation for NHS providers.

The TDA is now working to develop an assessment process for understanding how well NHS trusts are performing against the framework, which will form part of the FT assessment.

Financial Review

The Historic Due Diligence (HDD) will be replaced with an Independent Financial Review (IFR). Whilst final details are awaited this will ensure that assessments occur at the most appropriate point in the FT process, reduce the need for repeat assessments and offer as independent and realistic an insight into the financial situation of the trust as possible.

Quality

The 2015/16 framework reconfirms that before Trusts can be considered for FT authorisation they must meet the CQC's requirements and receive an overall rating of 'Good' or 'Outstanding'.

IBP & LTFM

The TDA board will assess the organisation's overall readiness for FT status, including its integrated business plan (IBP), long term financial model (LTFM), consultation responses and external assurance reports. Once the TDA board is satisfied that the trust is ready to proceed then it will offer its support, on behalf of the Secretary of State, for the organisation to move to Monitor for assessment.

2.4.2 Capital investments

The TDA requires that all business cases are based upon the five-case model for business case production. Each investment proposal must therefore cover the following aspects:

- strategic;
- economic;
- financial;
- commercial;
- management.

The TDA has the authority to approve trusts capital investments up to £50m. Investment and disposals over this value will require TDA, Department of Health and HM Treasury approval for all stages of the business case.

3. PROPOSALS/NEXT STEPS

- 3.1** It is proposed that the Trust uses the framework described within the revised Accountability Framework to guide its operational delivery and approach to readiness for FT.
- 3.2** Monthly self-certification by Trust Boards will continue as in 2014/15 ie:
- Against Compliance with Monitor Licence requirements
 - Board Statements
- 3.3** The underlying evidence supporting the statements will continue to be reviewed and updated. The self-certifications will continue to be considered by TEG and reviewed and approved by Trust Board on a monthly basis.

4. RISK ASSESSMENT

- 4.1** There are regulatory and reputational risks to the Trust if the Accountability Framework is not adhered to. The escalation process for the oversight categories that may be applied is laid out on page 17 of the framework.

5. RECOMMENDATIONS

It is recommended that the Trust Board notes and accepts the contents of the NHS TDA 2015/16 Accountability Framework for NHS Trust Boards.

6. APPENDICES/BACKGROUND INFORMATION

Appendix 1 2015/16 Accountability Framework for NHS Trust Boards