

Report to: **East Sussex Health Overview and Scrutiny Committee (HOSC)**

Date: **20th November 2009**

By: **Director of Law and Personnel**

Title of report: **Brighton and Sussex University Hospitals NHS Trust proposals to become a foundation trust**

Purpose of report: **To brief HOSC on Brighton and Sussex University Hospitals NHS Trust's application for Foundation Trust status**

RECOMMENDATIONS

HOSC is recommended:

- 1. To agree any key points in relation to Brighton and Sussex University Hospitals NHS Trust's Foundation Trust application for inclusion in HOSC's feedback prior to the Trust's formal consultation which begins in January 2010.**
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1. Background

1.1 Brighton and University Hospitals NHS Trust (BSUH) is the region's teaching hospital providing general and specialist hospital care from two main sites: the Royal Sussex County Hospitals in Brighton and the Princess Royal Hospitals in Haywards Heath. The Trust treats more than 500,000 people each year; employs 6,000 staff and has an annual turnover of £400 million.

1.2 BSUH has agreed with NHS South East Coast Strategic Health Authority that it should aim to achieve Foundation Trust status in the Autumn of 2010.

2. Foundation Trust application

2.1 Foundation Trusts represent a key part of the Government's reform programme for the NHS. They are a new type of NHS organisation, established as independent public benefit corporations and are intended to be free from central government control and strategic health authority performance management. However, they remain providers of NHS healthcare which is free at the point of delivery and are expected to conform to the same national standards in relation to clinical quality and safety.

2.2 The key features of Foundation Trusts relate to their governance arrangements and their financial regime. In terms of governance, Foundation Trusts are accountable to local people who form a membership. From this, public Governors are elected to form part of a Council of Governors which works alongside the Trust Board. In terms of finance, Foundation Trusts are free to retain any surpluses they generate for reinvestment, to borrow in order to support this investment, and to make their own decisions about what capital investment is needed to improve services. These freedoms and increased local accountability are designed to encourage innovation in local service delivery.

2.3 Foundation Trusts are regulated by an organisation called Monitor. In order to become a Foundation Trust an NHS Trust must be approved by the Department of Health to apply to Monitor and must then meet a range of criteria, particularly relating to their financial stability, governance arrangements and plans for the future. There is an expectation that all Trusts will eventually become Foundation Trusts.

2.4 BSUH is currently going through the process of Foundation Trust application and is planning to carry out public consultation on the Trust's proposals from 25 January to 23 April 2020. It is important to note that the consultation is not about whether or not the Trust should become a Foundation Trust. Instead, the consultation relates to how the governance arrangements of the proposed Foundation Trust should work and the Trust's future plans. HOSC is invited to give informal feedback on the plans, prior to formal consultation in early 2010.

4. Issues to consider

4.1 The Trust has provided a presentation (appendix 1) which gives an overview of the Foundation Trust proposals and background paper (appendix 2). Duncan Selbie, Chief Executive and Alex Sienkiewicz, Company Secretary will attend HOSC to present and take questions.

4.2 HOSC may wish to explore the following issues:

Foundation Trust

- Whether the Committee endorses BSUH's vision
- How the Trust will ensure representation from across its catchment area in its Foundation Trust governance arrangements and whether the Committee agrees with BSUH's proposed public constituencies and staff constituencies.
- Whether the proposed governance arrangements promote openness and transparency as recommended by national guidance.
- Whether the Foundation Trust will hold its Board meetings in public
- How the Trust can effectively communicate and engage with its membership.

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**BRIEFING FOR EAST SUSSEX HEALTH OVERVIEW AND SCRUTINY COMMITTEE
20 November 2009**

BSUH PROPOSALS TO BECOME A FOUNDATION TRUST

Background

Brighton and University Hospitals NHS Trust (BSUH) is the region's teaching hospital providing general and specialist hospital care from two main sites: the Royal Sussex County Hospital in Brighton and the Princess Royal Hospital in Haywards Heath. We treat more than 500,000 people each year; employ 6,000 staff and have an annual turnover of £400 million.

Foundation Trust Status

The Government's clear ambition is for hospital care to be provided by foundation trusts. BSUH has agreed with South East Coast SHA that it should aim to achieve FT status in the Autumn of 2010.

Some key dates will be:

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|------------------------------|---|
| ▪ 23 September 2009 | Launch of membership campaign at AGM |
| ▪ 25 January – 23 April 2010 | Public consultation on the Trust's proposals |
| ▪ 4 May – 30 June 2010 | Conduct Governor elections (public and staff) |
| ▪ 27 July 2010 | Inaugural Board of Governors |

Foundation Trust Workstreams

A project structure has been established and resourced. Significant work is under way on several key workstreams, including: governance, leadership and workforce and the development of the Integrated Business Plan or "IBP" which sets out the Trust's strategy for the next five years.

Proposals

A draft constitution for BSUH FT has already been prepared and will be discussed with a range of people and organisations prior to the formal consultation at the beginning of 2010.

- A Board of Governors made up as follows:
 - 17 public governors
 - 5 staff governors
 - 8 stakeholder/partner governors
- Automatic membership of staff including contracted staff such as porters, caterers and cleaners who are integral to the successful operation of our hospitals
- Minimum membership age of 12 and a Governor minimum age of 16

We also propose that our catchment area covers all of Sussex. In order to ensure that our membership is geographically representative of our patient base, we propose that the public constituency should comprise members from the following electoral areas: Brighton & Hove City Council (7), West Sussex County Council (2), East Sussex County Council (2), Mid Sussex District Council (5) and Out of Area - all other electoral areas in England (1).

It is important that we reflect that we operate from two main sites, hence the proposal that there are five representatives from the area covered by Mid Sussex District Council which reflects the significant number of patients we treat there.

We would welcome informal feedback on our plans at this stage, prior to formal consultation in early 2010.



Brighton and Sussex
University Hospitals
NHS Trust



Application for NHS Foundation Trust status Presentation to HOSC





Background

The NHS Foundation Trust policy was established in late 2003 (Health and Social Care (Community Health and Standards) Act 2003 - since consolidated into the National Health Service Act 2006).

The aim is to improve healthcare by putting local clinicians and managers in charge and for local priorities to be better reflected.



The Government's preferred model for provision of hospital-based care

Giving greater freedom to the frontline - Acute, mental health, and ambulance trusts

The journey of setting NHS organisations free from central direction began with the creation of NHS trusts and, subsequently, NHS foundation trusts. It continues. Our commitment to making acute, mental health and ambulance trusts into NHS foundation trusts remains strong. It is our clear ambition that in future hospital care will be provided by NHS foundation trusts. In order to achieve this, we will aim to accelerate the rate at which existing NHS trusts achieve NHS foundation trust status.

Source: High Quality Care For All, NHS Next Stage Review, 2008



Vision for the FT sector

“An affordable, devolved healthcare system, in which patients and service users receive excellent care and taxpayers achieve value for money through autonomous, well-led, financially robust providers responding to commissioners’ requirements and patients and service users’ choices”.

Source: Monitor’s Corporate Plan 2009-12



Vision for the FT sector

“....Devolving decision making to front line staff is essential to deliver better care for patients. Giving staff more freedom, supported by strong, clear incentives, liberates them to decide how best to improve care for their patients and service users.

The NHS will only deliver high quality, personalised care for all if staff are empowered to develop and design services for their local communities. That is why NHS foundation trusts, as autonomous providers with significant management and financial freedoms, are such a key part of the vision for the NHS.”

Source: Monitor’s Corporate Plan 2009-12

What are FTs?

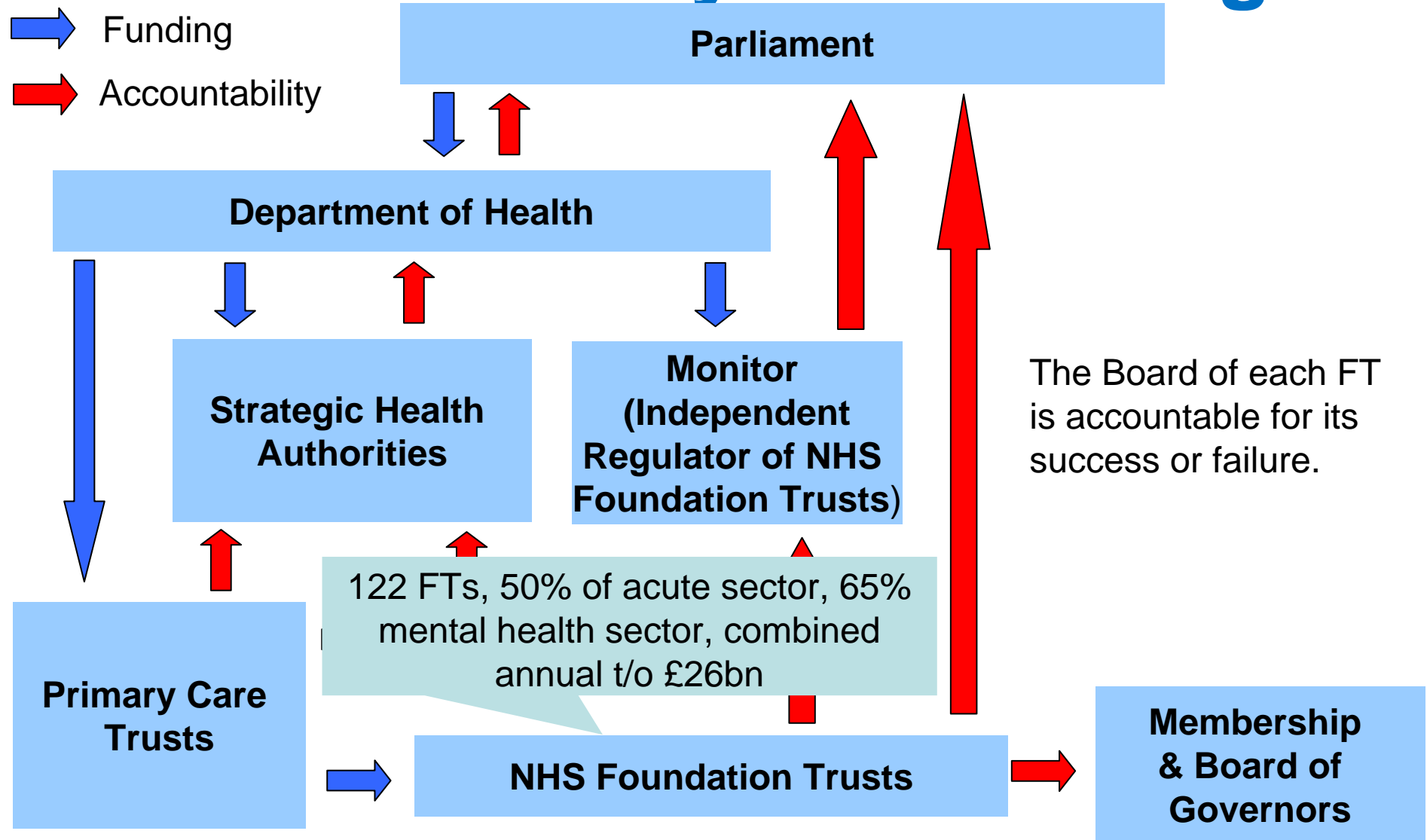
Public benefit corporations that provide healthcare according to NHS principles: free care, based on need and not ability to pay.

They set their own operational strategy and make their decisions to improve services for patients within the framework of legally binding contracts with commissioners.

FTs have significant financial freedoms which provide opportunities to develop their services and performance, including:

- ability to build up a financial surplus to invest in improving care for patients and service users;
- ability to borrow to fund investments up to a limit set under Monitor's *Prudential Borrowing Code*;
- no statutory requirement to break-even, rather FTs must demonstrate long-term financial viability.


Accountability and funding





Earned autonomy


With greater freedom comes greater responsibility – FT Boards are responsible for the success or failure of their organisation. They are under a statutory duty to exercise their functions effectively, efficiently and economically.





The leadership challenge for Boards of Directors

To lead organisations that deliver services which are:

- affordable and offer good value;
 - devolved and autonomous;
 - responsive and excellent; and
 - well-led and robust
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Local accountability

Membership is an important and distinctive feature of NHS Foundation Trust governance arrangements and forms a direct link with patients, members of the public, staff and local stakeholders.


Members, whether patient, staff or public, have the opportunity to influence strategy by electing or standing for election as governors.



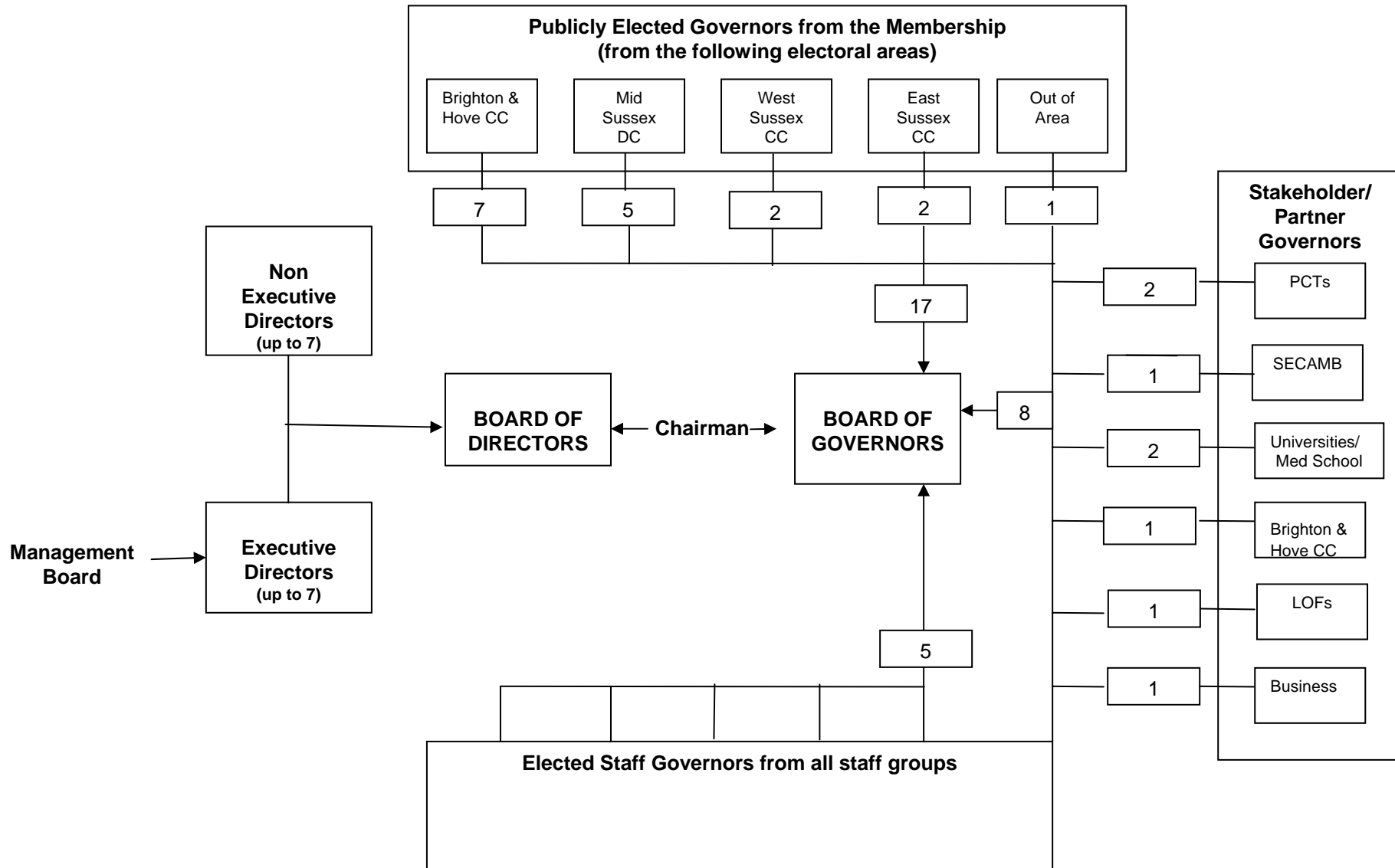


Board of Governors

Boards of governors focus on ensuring FTs respond to the needs and preferences of stakeholders, especially local communities. Their statutory roles are to:

- appoint, remove and decide the terms of office of the chair and other nonexecutive directors, and approve the appointment of the chief executive;
 - appoint and remove the auditor;
 - review the annual accounts, auditor's report and annual report at a general meeting; and
 - express a view on the board's forward plans for the organisation.
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Proposed BSUH Governance Structure





BSUH timescale for FT application

- Membership campaign launched 23/09/09
 - Planned public consultation – January to April 2010
 - Proposed date for elections for Board of Governors – May 2010
 - Department of Health assessment – June to July 2010
 - Monitor assessment – Summer 2010
 - Inaugural Board of Governors – end July 2010
 - Authorised by Monitor– Autumn 2010
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