# Meeting - Trust Board Meeting – Part I

**Date:** 29 September 2016

**Report Title:** Strategy Steering Group – STP Advisory Group

**Agenda Item:** TB/16-17/75

**Enclosures:** Appendix A: NHS Providers summary of Leadership and Control of STPs

**Report Author:** Sheila Wilkinson

**Presenter:** Anne-Marie Dean, Non Executive Director

**Report History:** This report has not been considered elsewhere.

**Board Lead**
Anne-Marie Dean, Non Executive Director

## Purpose of the Report

To purpose of this report is to ensure Board members have a consistent and current understanding of Sustainability Transformation Plan (STP) issues and status.

<table>
<thead>
<tr>
<th>Performance</th>
<th>Policy</th>
<th>Assurance ✓</th>
<th>Strategy ✓</th>
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## Strategic Objective

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<table>
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<tr>
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<tbody>
<tr>
<td>1</td>
<td>Enhance service user engagement and patient experience ✓</td>
</tr>
<tr>
<td>2</td>
<td>Become an exemplary employer, enabling staff to reach their full potential ✓</td>
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<tr>
<td>3</td>
<td>Ensure sound financial management without compromising the quality of care ✓</td>
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<td>4</td>
<td>Develop dynamic and innovative clinical models, enhancing the quality, safety and effectiveness of services ✓</td>
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<td>5</td>
<td>Maintain and further establish our position as the provider of choice for mental health services ✓</td>
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<td>6</td>
<td>Enhance the quality and safety of the services by maintaining or exceeding required standards of care ✓</td>
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<td>7</td>
<td>Incorporate sustainability and environmental management as an essential element of healthcare delivery ✓</td>
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## Corporate Impact Assessment:

<table>
<thead>
<tr>
<th>Legal or regulatory implications</th>
<th>None applicable.</th>
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<tbody>
<tr>
<td>Financial or resource implications</td>
<td>Some of the issues identified have some resource implications.</td>
</tr>
<tr>
<td>Engagement / Consultation</td>
<td>None applicable</td>
</tr>
<tr>
<td>Risks identified</td>
<td>All risks identified have been raised with the relevant Directors</td>
</tr>
<tr>
<td>Links to the Board Assurance Framework or Risk Register</td>
<td>None.</td>
</tr>
<tr>
<td>Impact on Quality</td>
<td>As detailed in the report.</td>
</tr>
<tr>
<td>Equality &amp; Diversity</td>
<td>Equality and diversity underpins our Trust’s activities.</td>
</tr>
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</table>
1. **Purpose of Report**

This is the first report from the Strategy Steering Group to the Trust Board. The purpose of the report is in line with the Trust Board’s primary duty to set the strategy for the Trust, to consult and communicate that strategy and to ensure the strategy reflects the national and local imperatives to achieve the best outcomes for service users. The report reflects the whole Board desire to ensure KMPT is actively engaged in the STP activities specifically the development of robust plans to transform the way that health and care is planned and delivered for our populations.

The purpose of the report reflects the desire to utilise the skills and expertise of non executive board members and to ensure all board members are fully informed of strategic developments throughout the process.

The need for the report reflects the major impact that the Sustainability Transformation Programme (STP) will bring.

These reports will be in a standard format and which can be used between formal Board meetings to keep members informed of significant information.

2. **National overview**

The first cut of the all areas’ STPs have been submitted to NHS England and NHSI and have been subject to review.

The key messages from the feedback to all STP areas on submitted plans are noted below:

- Need greater depth and clarity of plans – actions, timelines, benefits
- Need year on year financial trajectories
- Need more detail on impact on quality
- Need stronger plans for primary and community care
- Need stronger plans for community engagement
- Capital constraints
- Sharing of IT systems

The next national deadlines are:

- 16 September – Finance submission
- 20 September – Publication of planning guidance
- 21 October – next full STP submissions
- End November – First draft of Operational Plans
- End December - Finalised two year Operational Plans

3. **Kent and Medway STP**

An independent consultancy firm, Carnell Farrar, had been appointed to support the Kent and Medway STP. KMPT will be providing accommodation for the consultants. The Kent
and Medway STP system is now seeking to appoint to lead roles including a programme director, clinical leads and work stream leads.

The senior STP team have received feedback has been on the Kent and Medway STP and are considering action required.

4. KMPT activities and perspective

KMPT is an active member of STP Board and takes part in sub groups and workshops. KMPT directors are also taking lead roles on important areas such as Governance and Finance. As well as leading on Mental Health aspects.

This involvement places the Trust in a good position to ensure its own organisational plans and strategies align fully with the Kent and Medway STP.

Other Kent and Medway STP activities include an East Kent Strategy meeting in September and a whole STP workshop. The STP workshop covered governance, priorities and the next submission. The East Kent group acts as a sub group of the full STP. There is a meeting with the NHS E and NHSI scheduled in October and the next full plan submission will be at by the 21 October as noted above.

5. Risks and Issues

The group highlighted the importance of governance structures to the success of the STP. CCGs and GP federations need to be an early priority for the Carnell Farrar support team.

The group stressed that a Memorandum of Understanding (MoU) was required urgently and consideration should be given to the creation of a Strategic Risk Register.

The group also recognised the issues around financial control and ring fenced funding.

6. References and additional information

The group recommend the NHS Providers summary of Leadership and Control of STPs. Attached as and Enclosure: Appendix A.

5. Recommendation

The Board is asked to note the content of this report.
1. **Direction, control and accountability of STPs**

In response to a range of concerns raised by chairs we held an ad hoc meeting of chairs following the Governance Conference on 7 July. The purpose of the meeting was to identify issues of concern and possible solutions.

Member chairs at the meeting acknowledged that:

- the process of developing Sustainability and Transformation Plans (STPs) has been centrally led and consultation on the over-arching process has been limited. While there are still numerous opportunities to influence and shape the process, it is crucial that the arms length bodies (ALBs) do seek to involve all of the relevant stakeholders, as this is likely to be a precondition for success in implementing this approach;
- timescales have been tight and the outputs are not necessarily shared objectives in all localities;
- at the same time the commentary from some parts of the centre has been that the need to progress is imperative. Sometimes those who advocate a pause to develop the means by which STPs can be properly directed and controlled have been characterised as standing in the way of good patient care and as being unhelpful, bureaucratic and legalistic.

However it is important to state that the boards and individual directors of NHS trusts and NHSFTs have a number of legal duties that cannot be set aside on exhortation from the centre. These duties come to the forefront at times of changes to services, when the duty to act in the best interests of the public comes to the fore and where consultation is vital, so it is inevitable that STPs will interact with the legal duties of directors and also against the broadly accepted principles of board leadership and direction. Rather than ignore these or pretend that these issues can be set aside the meeting agreed that it is better to acknowledge them and work collectively to tackle them. To do this has the advantage of not only dealing with current issues, but also of putting in place mechanisms to deal with other points of potential conflict before these arise.

Since the meeting we have done some further work on identifying issues that will need to be considered by those participating in STPs as well as some possible solutions.

2. **Issues and possible solutions**

A number of themes emerged from the debate at the meeting:

- The need for an agreed approach on how STPs will be directed and controlled; and what will be the scope of an STP (i.e. is it a unit of planning or also straying into delivery?)
- The need for a shared understanding of the roles of the STP as a ‘body’ and of its constituent organisations and how they will interact, ensuring that STP governance complements existing organisational governance processes
- A recognition that change at scale will require transparency, and planned engagement with the public, clinical leaders, and for foundation trusts, with council’s of governors
- The need for a collaborative approach to finding constructive solutions to the questions arising from the new STP process, in partnership with the sector.

The rest of this section sets out in more depth a number of the issues cited at the meeting, and our emerging thoughts on solutions.
A constitution or an MoU
There needs to be explicit and specific constitutional clarity set out in writing that addresses how the implementation of the STP will be directed and controlled. This needs to be at least a memorandum of understanding to which all parties have explicitly signed up or a constitution agreed by the STP and its constituent bodies.

Who is included (and how can they leave?)
There needs to be agreement about which organisations are covered by the STP (will wholly owned companies or joint ventures be included for example). There also needs to be agreement about the circumstances (if any) under which a participant can withdraw from the partnership.

Clarity of purpose
The rationale for some STPs is very clear when there is a long history of collaboration between the various players. In other instances geographical proximity will be the only common factor. Whatever the background it is vital that there is clarity of purpose of why the partnership exists and what it is intended to achieve.

Scope
Linked to clarity of purpose, it is important that partners have a clear (probably written) understanding of what falls within the partnership and what falls outside. For those organisations that provide services outside the STP catchment area this will be particularly important.

Subsidiarity
The existence of STPs does not negate the need to make decisions as close as possible to the people who receive services. Some decisions need to be made at a regional or sub-regional level, but a far greater number need to be made at organisational level or within the structures of organisations. Working together should not lead to unnecessary centralisation of decision making for its own sake.

Legitimacy and limits of powers
STP organisations have no basis in statute and derive their authority to act from their member organisations. Many of the member organisations will have legal powers to delegate only to executive directors and to committees of directors, so the power to act will be limited by the delegation given to each representative member (most often the chief executive). Some organisations are likely to review this delegation in the light of the STP process, but it is inevitable that some decisions will need to be referred back to the boards of member organisations for ratification. This necessarily means that some decisions will take time before they can be implemented. However if the limit of powers is understood from the outset then decisions that need local board confirmation can be anticipated and planned for.

Altruism
One of the key reasons for bringing organisations together is so that they are able to rationalise services to the benefit of the patient. This will require organisations to put the interests of the patient first and to act altruistically for the benefit of those to whom they provide services. In our view the duty of directors to maximise benefit to the public permits such organisational altruism.

Decision making - who and how
STP partners will need to decide how they are going to make decisions, whether simple majorities or a higher threshold will apply, the degree to which they regard decisions of the STP as binding and what happens when a key partner withdraws or withholds consent to a decision. It also needs to be decided who makes decisions, whether deputies are allowed etc.

Transparency
A maximum of transparency will facilitate smoother operation and allow major issues to be identified early in the process and to build ownership and support for a desired outcome. Transparency comes at the price of setting hares running on matters that are ultimately not pursued and risks providing a
focus to opposition to change, but these are matters that will need to be confronted sooner or later in any case.

**Responsibility and accountability**
The STP will be responsible to the arms length bodies that sponsor its work, but accountable to the member organisations from which it derives its legitimacy. The STP will need to be clear as to how it will demonstrate its responsibility and exercise its accountabilities from the outset and then monitor the degree to which these arrangements are effective.

**Culture**
The STP organisation will develop a culture so it is important that this culture is planned for and has the support of all of the participants rather than being allowed to develop of its own volition.

**Non-executive input**
The absence of non-executive directors on STP boards/leadership bodies increases the risk that proposals will be subject to insufficient challenge and scrutiny. The FRC’s guidance for boards warns of the dangers of poor decisions made by capable individuals who believed that they were right when they were not.

Non-executive input reduces the scope for poor decisions and STP leaders should investigate how best to introduce non-executive input into the STP process. Some STP areas have set up groupings for chairs to meet in acknowledgment of the role of chairs as facilitators and relationship builders within local health economies. We will promote the valuable role of trust chairs and NEDs as local facilitators and relationship builders as well as with regard to offering constructive challenge.

**Communication**
One of the most significant reasons that strategies fail is that those that are charged with implementing them are insufficiently well engaged with the strategy development process and do not own the outcome. Continuing communication will be central to ensuring STPs are owned and implemented by the partners.

**Consultation**
Consultation with patients, service users, and the public and with governors will be an intrinsic part of any change. While the statutory duties lie with the constituent partners, the leadership of the STP will need to facilitate consultation and will need to have a consultation strategy that interlinks with those of their constituent bodies.

**Risk and assurance**
New ways of working bring new risks. Some of these risks will need to be managed at institutional level, but it is likely that some can only be managed effectively at partnership level. There needs to be agreement as to how risk will be managed and by whom and how they can be escalated/deescalated between the STP governing body and member organisations. The STP leadership will also need new assurances that risks are being properly managed and will most likely look to develop their own assurance framework to complement those of their constituent bodies.

**Disagreements and disputes**
Working in partnership is bound to generate disagreement, either at the level of those participating in the leadership of the STP or between the boards of constituent bodies. It is best that such disagreements are anticipated at the outset and processes put in place to resolve them.

**‘Delegation upwards’ and compliance**
Working in partnership essentially involves boards delegating some decisions upwards via their chief executives. Decisions taken under such delegations can be overturned by the constituent bodies. A contract between the STP and the constituent parties would minimise the scope for this happening, but that would require the existence of the STP partnership as a legal body.
3. Conclusions
The capacity to make the STP process work well will vary in different parts of the country. As a first step we intend to use the issues and solutions outlined above as the basis for the informal influencing activities we described at the meeting, to support colleagues in the ALBs and our members to come to workable solutions.

NHS Providers is committed to providing support and guidance as well as to influencing on our members behalf and we would welcome your feedback on where support is most needed:
john.coutts@nhsproviders.org