Item 5 - Effectiveness of Foundation Trusts

Information from MONITOR - the independent regulator of Foundation Trusts.

NHS foundation trust performance

Monitor asks foundation trusts to assess their own compliance with the terms of their authorisation, as part of its risk based approach to regulation. NHS foundation trusts submit an annual plan, quarterly and ad hoc reports to Monitor.

Using this information we assign annual and quarterly risk ratings, monitor actual performance against plans, and identify any steps that need to be taken to address problems.

Monitor publishes quarterly reports covering the performance and risk ratings for NHS foundation trusts. These provide a summary of the performance of the foundation trust sector, and also give individual NHS foundation trusts the opportunity to understand their own performance in relation to other foundation trusts.

The quarterly reports are a vital part of our annual reporting cycle, along with the publication each year of NHS Foundation Trusts Consolidated Accounts.
The foundation trust directory shows the current governance and financial risk ratings for each foundation trust. The risk ratings page shows the ratings for all foundation trusts.

Regulatory action

The intensity of monitoring and the specific requirements we place on boards of trusts are considered case-by-case and reflect the risk of an actual or potential breach of an NHS foundation trust’s terms of authorisation. Prompt action ensures that accountability remains with the trust’s board and problems do not escalate.

When an NHS foundation trust has breached, or is at risk of breaching, its terms of authorisation, for example if it consistently fails to meet national standards of care or is at significant financial risk, we will require it to explain why. We will then require an action plan setting out how it plans to resolve the problem.

If the breach results in an amber governance risk rating we will monitor the NHS foundation trust’s performance more intensely. If performance is not improving in line with the action plan, Monitor may require the NHS foundation trust to seek external specialist advice or formally present its plans to us.
Where an NHS foundation trust is rated red for governance risk, the board will be required to present to Monitor the steps being taken to address all areas of non-compliance with its terms of authorisation. Monitor’s Board will then consider what regulatory action is appropriate - this may be deciding that an NHS foundation trust is in significant breach of its authorisation and/or using Monitor’s statutory powers of intervention.

If an NHS foundation trust has failed to comply with the terms of its authorisation and this is significant – for example, if it consistently fails to meet required standards of care or is at financial risk – Monitor’s Board may decide to use its statutory powers of intervention. Where we do intervene formally, it is always with the aim of resolving issues as quickly as possible and in the most effective way.

Our intervention powers are broad and range from closing a specific service, if we have serious concerns about it, or requiring a board to take – or not take – a specific action(s), requiring a board to obtain external advice on a particular issue, or, in extreme cases, removing any or all of the directors or governors and appointing replacements.

Monitor’s formal powers of intervention are described under Section 52 of the National Health Service Act 2006. To date Monitor has used its formal intervention powers in three NHS foundation trusts.


The following Appendix is an extract from the 2008/09 NHS performance ratings report, as published by the Care Quality Commission.