

# NHS foundation trusts: review of six months to 30 September 2009

This report covers the period from 1 July to 30 September 2009 (quarter two 2009-10).

It includes results for the 122 NHS foundation trusts authorised at 30 September 2009, including one trust (The Walton Centre) authorised during quarter two. Aggregate financial performance includes results of the foundation trusts authorised in year on a pro-rata basis for the period post authorisation.

## Highlights

Financial performance in quarter two is consistent with that of quarter one, remaining broadly on plan. In the first six months of 2009-10, 122 foundation trusts generated total income of £13.8 billion, £256 million (1.9%) above plan. Operating costs are 2% above plan. The additional income and costs largely relate to increased referrals and A&E admissions.

Quarter two saw the introduction of new thresholds for cancer targets which have proved challenging for a number of foundation trusts. Breaches in this area have had an impact on governance risk ratings. The number of trusts with a red rating rose from 7 (6%) in quarter one to 13 (11%) in quarter two, with amber rated trusts rising from 19 (16%) to 39 (32%) during the same period.

Since the end of quarter two, Monitor has used its formal powers to intervene at two NHS foundation trusts:

- Basildon and Thurrock University Hospitals NHS Foundation Trust – to appoint a task force and take specific action to improve patient experience and safety; and
- Colchester Hospital University NHS Foundation Trust – to require the immediate removal of the Chair and appointment of an interim Chair.

<b>Number of NHS foundation trusts at 30 September 2009</b>	122
<b>Of these:</b>	
Acute	51
Mental health	36
Teaching	20
Specialist	15
<b>Number of NHS foundation trusts by strategic health authority:</b> (as a percentage of potential foundation trusts in health authority in brackets)	
North West	25 (68%)
South West	15 (63%)
London	15 (38%)
East of England	15 (60%)
Yorkshire & The Humber	14 (67%)
West Midlands	11 (42%)
North East	9 (90%)
South Central	7 (50%)
South East Coast	6 (38%)
East Midlands	5 (42%)
<b>Governance risk ratings*:</b>	
Green	70
Amber	39
Red	13
<b>Financial risk ratings*:</b>	
5 (lowest risk)	11
4	64
3	43
2	2
1	2
<b>Combined net surplus for the six months to 30 September 2009 (pre exceptionals)</b>	£228 million
*More information on risk ratings can be found on pages 13 to 18.	
<b>EBITDA** margin</b> (**earnings before interest, tax, depreciation and amortisation)	7.5%

## Introduction

This report covers the following areas:

- Monitor's recent interventions;
- performance against MRSA, C. difficile, 18-weeks, A&E and new cancer targets;
- board vacancies; and
- the financial performance of 122 NHS foundation trusts for the six months to September 2009.

Governance and financial risk ratings for each trust, together with a description of each rating, are also included on pages 13 to 18.

## Interventions

In November 2009 Monitor's Board took the decision to use its formal powers and intervene at Basildon and Thurrock University Hospitals NHS Foundation Trust and also at Colchester Hospital University NHS Foundation Trust.

At Basildon and Thurrock University Hospitals, Monitor's Board decided to intervene following a significant breach of the terms of authorisation, as a result of serious concerns around patient safety and experience, Board effectiveness and governance. These concerns include the trust Board's rate of progress and success in designing, overseeing and implementing effective actions to address high hospital standardised mortality ratios.

At Colchester Hospital University, Monitor's Board used its regulatory powers to remove the Chair of the trust with immediate effect, appointing Sir Peter Dixon as interim Chair. Regulatory action was taken following the trust's failure to comply with healthcare standards; failure to exercise its functions effectively, efficiently and economically; and serious and wide ranging concerns as to overall governance and leadership at the trust.

Monitor is continuing to work closely with both trusts to rectify these issues and move to a rapid return to compliance with their terms of authorisations. Both trusts are in significant breach of their authorisations, and are rated red for governance in quarter two 2009-10. For further information relating to interventions visit Monitor's website [www.monitor-nhsft.gov.uk](http://www.monitor-nhsft.gov.uk).

## Governance

Once authorised, all NHS foundation trusts are subject to their terms of authorisation, which include:

- compliance with their constitution;
- growing a representative membership;
- maintaining appropriate board skills and structures;
- cooperating with other NHS bodies;
- risk management; and
- service performance and continuing improvement in clinical quality.

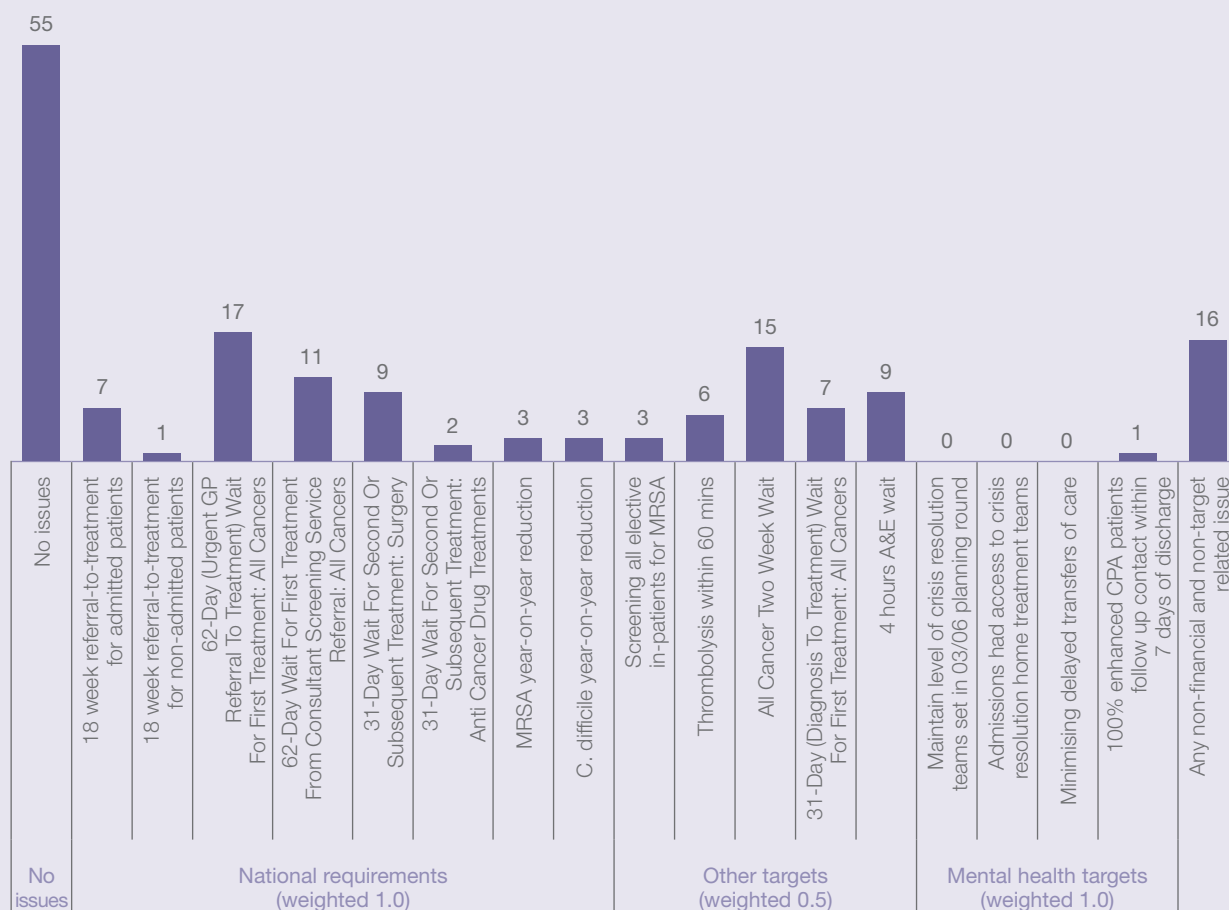
Each NHS foundation trust is required to self-certify its compliance with each of these areas or identify any areas where it is failing to do so. Trusts are assigned an overall governance rating (red, amber or green) for the quarter based on the declarations they make to Monitor, which takes into account each of the areas above.

More information about governance risk ratings is included on page 5 to 7.

A summary of issues relating to service performance delivery in quarter two of 2009-10 is shown in the table below.

This information is subdivided into national requirements, other targets and mental health targets, reflecting national priorities set by the Department of Health.

Number of NHS foundation trusts reporting breach (or potential breach) by target



## Performance against healthcare targets

NHS foundation trusts' performance against healthcare targets was mixed during the second quarter of 2009-10. New cancer thresholds were introduced during the quarter and in some cases these have proved challenging. This has had an impact on overall governance risk ratings. The number of trusts with a red rating rose from 7 (6%) in quarter one to 13 (11%) in quarter two, with amber-rated trusts rising from 19 (16%) to 39 (32%) during the same period. In quarter two, 70 trusts (57%) are rated green for governance risk (78% in quarter one). This compares with the trusts' own declarations in their annual plans, where 90% of trusts declared a green risk rating.

None of the NHS foundation trusts in significant breach for governance concerns related to healthcare associated infections (HCIs) during quarter two have breached the relevant contractual obligations in the year to date. We will consider the potential to de-escalate some or all of these in quarter three.

### MRSA

Three foundation trusts declared a risk of potential breach of their full year MRSA targets at quarter two, an improvement from quarter one, when seven trusts declared a potential breach.

Two trusts are amber rated for service performance concerns relating to the MRSA target in quarter two (Frimley Park Hospital, which was also amber rated at quarter one, and North Tees and Hartlepool).

At the end of 2008-09, three foundation trusts (County Durham and Darlington, Northern Lincolnshire and Goole Hospitals and University Hospital of South Manchester) were found to be in significant breach of their terms of authorisation for governance concerns in respect of MRSA performance. All three remain within trajectory at quarter two.

### C. difficile

Three foundation trusts declared a risk of potential breach of their full year C. difficile targets in the second quarter, the same number as in the previous quarter.

Two trusts (North Tees and Hartlepool and The Walton Centre) are amber rated for service performance concerns in this area.

Two trusts found to be in significant breach of their terms of authorisation for governance concerns related to C. difficile performance in 2008-09 (Aintree University Hospitals and County Durham and Darlington) are within trajectory, but remain red rated at quarter two.

### 18-weeks

Foundation trusts continue to perform well against the 18-weeks wait target for non-admissions. Out of the 122 foundation trusts, only one trust reported a breach (Sheffield Children's) of this target during quarter two. The number of trusts breaching the 18-weeks target for admitted patients was seven in quarter two, (Royal Bolton Hospital, Colchester Hospital University, Peterborough and Stamford Hospitals, Salford Royal, Taunton and Somerset, University Hospital of South Manchester and Wroughton, Wigan and Leigh) an increase from quarter one when four hospitals were in breach of this target.

## A&E

Results from the second quarter show that nine foundation trusts are in breach of the A&E four hour waiting time target (Burton Hospitals, The Dudley Group of Hospitals, Mid Cheshire Hospitals, Mid Staffordshire, Milton Keynes Hospital, Poole Hospital, South Tyneside, University Hospitals Bristol and Wirral University Teaching Hospital). This is an increase from four trusts in quarter one.

## Cancer thresholds

In quarter two NHS foundation trusts were scored against new cancer thresholds for the first time. As expected, following an assessment of trusts' performance in this area in quarter one, these targets posed a significant challenge for some trusts. In total 39 trusts breached one or more of the cancer targets. Of these, 29 breached one or both of the priority one cancer targets, of which 11 also breached one or both of the priority two cancer targets. Two foundation trusts (University Hospitals Bristol and Norfolk and Norwich University Hospitals) breached four of the targets and one (East Kent Hospitals University) has breached five. The 62-day referral-to-treatment threshold has proved particularly challenging, with 22 trusts breaching this target at quarter two.

## Board vacancies

In quarter one we reported our concern about the number of NHS foundation trust board vacancies, some of which have remained unfilled for a considerable length of time. This may affect some boards' ability to deliver their plans. To gain a better understanding of the issue we started to track vacancies within foundation trusts and across the sector.

The position at quarter two has improved slightly since the previous quarter:

- four trusts have an acting/interim chair (four in quarter one), seven have an acting/interim chief executive (ten in quarter one) and four trusts have acting, interim or vacant finance director posts (six in quarter one);
- there are a further 27 executive board posts (34 in quarter one) that are either vacant or have an acting/interim director including three medical directors and four nursing directors; and
- there are 14 vacant non-executive director positions (16 in quarter one).

We will continue to track the number of vacant and interim positions in key posts and report the situation on an ongoing basis.

## Governance risk ratings

Of 122 foundation trusts, 39 (32%) have an amber risk rating for governance at quarter two, compared to 19 (16%) at quarter one.

Five foundation trusts are amber rated at quarter two due to the following non-target related governance issues:

- Alder Hey Children's – the Care Quality Commission has issued the trust with a Statutory Warning Notice in relation to the prevention and control of HCAs;

- Birmingham Children's Hospital – there remain some residual governance concerns following the Healthcare Commission's review of tertiary paediatric services at the trust in March 2009. Following the publication of results of the Care Quality Commission's follow up review in November, we will consider de-escalation;
- Cumbria Partnership – the trust received a 'weak' rating for quality of services in the Care Quality Commission Annual Health Check;
- The Dudley Group of Hospitals – there remains continuing concerns around governance reflecting its ongoing failure to deliver the A&E target on a sustained basis; and
- Luton and Dunstable Hospital – there are a range of governance issues at the trust, including a Care Quality Commission preliminary inquiry into maternity services, information governance concerns and hygiene code breaches.
- Northern Lincolnshire and Goole Hospitals (found to be in significant breach 29 April 2009) – following escalation meetings, triggered by their performance against healthcare acquired infection targets (MRSA) in 2008-09;
- Aintree University Hospitals (found to be in significant breach 24 June 2009) – following escalation meetings, triggered by their performance against healthcare acquired infection rates (*C. difficile*) in 2008-09;
- Heatherwood and Wexham Park Hospitals (found to be in significant breach 29 July 2009) – due to a general failure to comply with the requirement placed on all trusts to exercise their functions effectively, efficiently and economically; and
- University Hospital of South Manchester (found to be in significant breach 29 July 2009) – following escalation meetings, triggered by their performance against healthcare acquired infection rates (MRSA) in 2008-09. Subsequently further concerns have arisen relating to 18-weeks referral to treatment waiting times, and board effectiveness and leadership.

At quarter two, 13 foundation trusts (11%) are red-rated for governance, due to a breach of their terms of authorisation. Of these, seven were also red-rated in quarter one, and are considered to be in significant breach of their terms of authorisation.

- Royal National Hospital for Rheumatic Diseases (found to be in significant breach 1 August 2008) – due to a serious failure of financial governance;
- Mid Staffordshire (found to be in significant breach 3 March 2009) – due to serious governance failures;
- County Durham and Darlington (found to be in significant breach 29 April 2009) – following escalation meetings, triggered by their performance against healthcare acquired infection targets (MRSA) in 2008-09;
- Colchester Hospital University (found to be in significant breach 30 September 2009) – due to failure to comply with healthcare standards, failure to exercise its functions effectively, efficiently and economically and serious and wide ranging concerns as to overall governance and Board leadership at the trust;
- Gloucestershire Hospitals (found to be in significant breach 30 September 2009) – as a result of failures including to address performance concerns related to A&E and thrombolysis;

Four trusts are rated red for the first time at quarter two, and are in significant breach of their terms of authorisation:



- Dorset County Hospital (found to be in significant breach 28 October 2009) – the trust was found to be in significant breach due to financial concerns; and
- Basildon and Thurrock University Hospitals (found to be in significant breach 25 November 2009) – due to concerns around patient safety and experience.

Two further foundation trusts (East Kent Hospitals University and University Hospitals Bristol) are red-rated for the first time in quarter two having failed to meet cancer targets. These trusts will be subject to escalation meetings during quarter three.

## Changes in governance risk ratings

The tables on the following pages show the changes in foundation trusts' risk ratings, compared to quarter one of 2009-10.

## Annual Health Check 2008-09

The Care Quality Commission's Annual Health Check rates all providers on the quality of their service and use of resources.

In the Annual Health Check for 2008-09, 35 NHS foundation trusts received an 'excellent' rating for both quality of services and use of resources. This represents 30% of all foundation trusts authorised at 31 March 2009. Of the 13 trusts to score double excellent two years running, 12 were foundation trusts, with one trust (Royal Marsden) being the only trust to receive double excellent ratings in all four years of the Annual Health Check.

Improvement in governance risk ratings			
NHS foundation trust	Q2 2009-10	Q1 2009-10	Reason for change
City Hospitals Sunderland	●	●	Board's assessment of risk to MRSA target
Milton Keynes Hospital	●	●	Board's assessment of risk to Thrombolysis target
South Tyneside	●	●	Board's assessment of risk to the C. difficile target

Decline in governance risk ratings			
NHS foundation trust	Q2 2009-10	Q1 2009-10	Reason for change
Alder Hey Children's	●	●	Amber over-ride (see page 5)
Birmingham Women's	●	●	Breach of 62 day cancer <sup>2</sup>
Blackpool, Fylde and Wyre Hospitals	●	●	Breach of 62 day cancer <sup>1</sup>
Burton Hospitals	●	●	Breach of the A&E 4-hour wait and Thrombolysis targets
Countess of Chester Hospital	●	●	Breach of 62 day cancer <sup>1</sup>
Cumbria Partnership	●	●	Amber over-ride (see page 6)
Derby Hospitals	●	●	Breach of 62 day cancer <sup>2</sup> and 31 day cancer <sup>3</sup>
Homerton University Hospital	●	●	Breach of 62 day cancer <sup>2</sup>
King's College Hospital	●	●	Breach of 31 day cancer <sup>4</sup> and two week wait cancer target
Lancashire Teaching Hospitals	●	●	Breach of 62 day cancer <sup>1</sup>
Medway	●	●	Breach of core standards
Mid Cheshire Hospitals	●	●	Breach of the A&E 4-hour wait and the 2 week wait cancer target

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#### 62 day cancer waiting time:

1. From consultant screening service referral to first treatment.
2. From urgent GP referral to first treatment.

#### 31 day cancer waiting time:

3. From diagnosis to first treatment.
4. For second or subsequent treatment.



Decline in governance risk ratings (cont.)			
NHS foundation trust	Q2 2009-10	Q1 2009-10	Reason for change
Norfolk and Norwich University Hospitals	●	●	Breach of 62 day cancer <sup>1 2</sup> and 31 day cancer <sup>4</sup> and 2 week wait cancer target
North Tees and Hartlepool	●	●	Risk of MRSA and C.difficile breaches
Royal Berkshire	●	●	Breach of 62 day cancer <sup>2</sup> and 2 week wait cancer target
Sandwell Mental Health and Social Care	●	●	Breach of 100% enhanced CPA patients follow up contact within 7 days of discharge target
Sheffield Children's	●	●	Breach of 18 week referral to treatment for non admitted patients target and 31 day cancer <sup>3</sup>
Sheffield Teaching Hospitals	●	●	Breach of 62 day cancer <sup>1</sup> and 2 week wait cancer target
Sherwood Forest Hospitals	●	●	Breach of 31 day cancer <sup>4</sup>
Taunton and Somerset	●	●	Breach of 18-week referral to treatment for admitted patients target and Thrombolysis target
The Christie	●	●	Breach of 62 day cancer <sup>2</sup>
The Newcastle Upon Tyne Hospitals	●	●	Breach of 62 day cancer <sup>2</sup>
The Rotherham	●	●	Breach of 31 day cancer <sup>4</sup>

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1. From consultant screening service referral to first treatment.
2. From urgent GP referral to first treatment.

#### 31 day cancer waiting time:

3. From diagnosis to first treatment.
4. For second or subsequent treatment.

Decline in governance risk ratings (cont.)			
NHS foundation trust	Q2 2009-10	Q1 2009-10	Reason for change
Basildon and Thurrock University Hospitals	●	●	Red rated due to serious concerns around patient safety and experience, Board effectiveness and governance
University Hospitals Bristol	●	●	Breach of 62 day cancer <sup>2</sup> and 31 day cancer <sup>4</sup> , A&E 4-hour wait and 2 week wait cancer target
Colchester Hospital University	●	●	Red rated due to serious governance and Board leadership concerns
Dorset County Hospital	●	●	Red rated due to failure to exercise its functions effectively, efficiently and economically
East Kent Hospitals University	●	●	Breach of 62 day cancer <sup>1 2</sup> , 31 day cancer <sup>3 4</sup> and 2 week wait cancer target
Gloucestershire Hospitals	●	●	Red rated due to a range of governance concerns and failure to exercise its functions effectively, efficiently and economically

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**62 day cancer waiting time:**

1. From consultant screening service referral to first treatment.
2. From urgent GP referral to first treatment.

**31 day cancer waiting time:**

3. From diagnosis to first treatment.
4. For second or subsequent treatment.

## Finance

### Income and expenditure

In the six months to 30 September 2009, the 122 NHS foundation trusts generated total income of £13.8 billion, £256 million (1.9%) ahead of plan. In the main this variance was driven by increased referrals, and additional A&E attendances.

This additional activity is reflected in the total operating costs for the same period, which stand at £12.8 billion, £253 million (2%) above plan. The use of bank and agency staff to deliver the extra activity contributed significantly to the increase in costs.

Aggregate EBITDA margin at the end of quarter two remains at 7.5%, slightly lower than the planned margin of 7.7%.

Net surplus (pre-exceptionals) is £228 million, £30 million ahead of plan.

### Cashflow and funding

Foundation trusts held a total cash balance of £2.5 billion at the end of quarter two, which is £10 million (0.4%) below plan.

Total long term borrowings are £3.5 billion, 50% of the long term borrowing limit for the sector. Within this borrowing, foundation trust long term loans stand at £338.7 million and the remainder relates to leases including PFIs brought on balance sheet from 1 April 2009. Based on trusts' annual plans, 13 trusts are forecasting drawdowns of long term loans totalling £75.7 million in the second half of the year.



Income and expenditure	£m	2009-10 Q2 year-to-date Actual**	2009-10 Q2 year-to-date Plan**	Variance
Operating income		13,798	13,542	256
Employee benefits expense		(8,643)	(8,523)	(120)
Drug costs		(914)	(895)	(19)
PFI operating expenses		(143)	(147)	4
Other operating costs		(3,058)	(2,940)	(118)
<b>EBITDA*</b>		<b>1,040</b>	<b>1,037</b>	<b>3</b>
Non-operating income		15	16	(1)
Depreciation		(453)	(469)	16
Net interest		(116)	(117)	1
PDC dividend		(255)	(265)	10
Other non-operating costs		(3)	(4)	1
<b>Net surplus before impairments and tax</b>		<b>228</b>	<b>198</b>	<b>30</b>
Impairments and restructuring costs		(225)	(29)	(196)
<b>Net surplus after tax</b>		<b>3</b>	<b>169</b>	<b>(166)</b>
<b>EBITDA%</b>		<b>7.5%</b>	<b>7.7%</b>	

\*EBITDA = earnings before interest, tax, depreciation and amortisation

\*\*Results are shown on a pro rata basis for those NHS foundation trusts authorised during the period

### Financial risk ratings (FRR)

The average FRR position at the end of quarter two is similar to the previous quarter, with an average FRR of 3.6, slightly ahead of plan (3.5).

118 foundation trusts (97%) are rated 3 or above, up from 95% in quarter one. Two trusts (Royal National Hospital for Rheumatic

Diseases and Mid Staffordshire) are rated 2, with a further two trusts (Heatherwood and Wexham Park and Dorset County Hospital) rated 1, the highest level of financial risk. The number of trusts rated 4 or 5 has risen to 75 (61%, compared to 58% at quarter one), and this is also slightly above plan (56%).








































## Risk ratings

Monitor assigns each NHS foundation trust a risk rating for governance, finance and the provision of mandatory goods and services (as defined in their terms of authorisation).

A green risk rating indicates that a foundation trust's governance arrangements comply with its terms of authorisation; an amber risk rating reflects that concerns exist about one or more aspects of governance; and a red risk rating indicates that there are concerns that a trust is, or may be, in significant breach of its terms of authorisation.

Financial risk ratings are allocated using a scorecard which compares key financial metrics consistently across all foundation trusts. The rating reflects the likelihood of a financial breach of an NHS foundation trust's terms of authorisation. A rating of 5 reflects the lowest level of financial risk and a rating of 1 the highest.

The governance and financial risk ratings for each trust at quarter two of 2009-10 are shown in the table below. For comparison they are shown alongside quarter one's ratings and the annual risk assessment for 2009-10.

	Governance risk rating			Financial risk rating		
	Q2 09-10	Q1 09-10	ARA 09-10	Q2 09-10	Q1 09-10	ARA 09-10
2gether				4	5	4
Aintree University Hospitals				3	4	3
Alder Hey Children's				4	4	4
Barnsley Hospital				3	3	3
Basildon and Thurrock University Hospitals				4	4	4
Basingstoke and North Hampshire				3	3	4
Berkshire Healthcare				3	3	3
Birmingham Children's Hospital				4	5	4
Birmingham and Solihull Mental Health				4	4	4
Birmingham Women's				3	3	3
Blackpool, Fylde and Wyre Hospitals				3	3	3
Bradford Teaching Hospitals				4	4	3
Burton Hospitals				4	4	3

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	Governance risk rating			Financial risk rating		
	Q2 09-10	Q1 09-10	ARA 09-10	Q2 09-10	Q1 09-10	ARA 09-10
Calderdale and Huddersfield	●	●	●	4	4	4
Calderstones Partnership	●	●		4	4	
Cambridge University Hospitals	●	●	●	3	2	3
Cambridgeshire and Peterborough	●	●	●	3	4	4
Camden and Islington	●	●	●	4	4	4
Central and North West London	●	●	●	4	4	4
Central Manchester University Hospitals	●	●	●	3	3	3
Chelsea and Westminster Hospital	●	●	●	3	4	4
Cheshire and Wirral Partnership	●	●	●	3	3	4
Chesterfield Royal Hospital	●	●	●	5	5	5
City Hospitals Sunderland	●	●	●	3	3	3
Clatterbridge Centre for Oncology	●	●	●	5	5	5
Colchester Hospital University	●	●	●	5	5	5
Countess of Chester Hospital	●	●	●	3	3	4
County Durham and Darlington	●	●	●	3	4	4
Cumbria Partnership	●	●	●	5	5	5
Derby Hospitals	●	●	●	3	3	3
Doncaster and Bassetlaw Hospitals	●	●	●	3	3	3
Dorset County Hospital	●	●	●	1	2	3
Dorset Healthcare	●	●	●	5	5	3
East Kent Hospitals University	●	●	●	4	4	4
East London	●	●	●	3	3	3
Frimley Park Hospital	●	●	●	4	4	4

	Governance risk rating			Financial risk rating		
	Q2 09-10	Q1 09-10	ARA 09-10	Q2 09-10	Q1 09-10	ARA 09-10
Gateshead Health	●	●	●	4	4	4
Gloucestershire Hospitals	●	●	●	3	3	3
Great Western Hospitals	●	●	●	4	4	4
Greater Manchester West Mental Health	●	●	●	4	4	4
Guy's and St Thomas'	●	●	●	3	3	4
Hampshire Partnership	●	●		4	4	
Harrogate and District	●	●	●	4	3	3
Heart of England	●	●	●	3	3	3
Heatherwood and Wexham Park Hospitals	●	●	●	1	1	1
Hertfordshire Partnership	●	●	●	4	4	4
Homerton University Hospital	●	●	●	4	5	3
James Paget University Hospitals	●	●	●	4	4	4
Kettering General Hospital	●	●	●	4	4	4
King's College Hospital	●	●	●	3	4	4
Lancashire Care	●	●	●	3	4	4
Lancashire Teaching Hospitals	●	●	●	3	3	3
Leeds Partnerships	●	●	●	4	4	4
Lincolnshire Partnership	●	●	●	4	4	4
Liverpool Women's	●	●	●	4	4	4
Luton and Dunstable Hospital	●	●	●	3	3	3
Medway	●	●	●	3	3	4
Mid Cheshire Hospitals	●	●	●	5	4	4
Mid Staffordshire	●	●	●	2	2	3



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	Governance risk rating			Financial risk rating		
	Q2 09-10	Q1 09-10	ARA 09-10	Q2 09-10	Q1 09-10	ARA 09-10
Milton Keynes Hospital	●	●	●	3	3	3
Moorfields Eye Hospital	●	●	●	4	4	4
Norfolk and Norwich University Hospitals	●	●	●	4	5	4
Norfolk and Waveney Mental Health	●	●	●	4	5	4
Northern Lincolnshire and Goole Hospitals	●	●	●	4	4	4
North East London	●	●	●	4	4	4
North Essex Partnership	●	●	●	4	4	4
North Tees and Hartlepool	●	●	●	4	4	4
Northamptonshire Healthcare	●	●		3	3	
Northumbria Healthcare	●	●	●	4	4	4
Oxfordshire and Buckinghamshire Mental Health	●	●	●	4	5	3
Oxleas	●	●	●	4	4	4
Papworth Hospital	●	●	●	4	4	4
Pennine Care	●	●	●	5	4	4
Peterborough and Stamford Hospitals	●	●	●	3	3	4
Poole Hospital	●	●	●	3	3	3
Queen Victoria Hospital	●	●	●	4	4	4
Rotherham Doncaster and South Humber Mental Health	●	●	●	4	3	3
Royal Berkshire	●	●	●	3	3	4
Royal Bolton Hospitals	●	●	●	3	3	3
Royal Brompton & Harefield	●	●		4	4	

	Governance risk rating			Financial risk rating		
	Q2 09-10	Q1 09-10	ARA 09-10	Q2 09-10	Q1 09-10	ARA 09-10
Royal Devon and Exeter	●	●	●	4	4	4
Royal National Hospital for Rheumatic Diseases	●	●	●	2	1	2
Salford Royal	●	●	●	4	4	3
Salisbury	●	●	●	3	3	3
Sandwell Mental Health and Social Care	●	●	●	3	3	3
Sheffield Children's	●	●	●	4	3	3
Sheffield Health and Social Care	●	●	●	4	4	4
Sheffield Teaching Hospitals	●	●	●	4	3	3
Sherwood Forest Hospitals	●	●	●	3	3	3
Somerset Partnership	●	●	●	3	3	3
South Devon Healthcare	●	●	●	4	4	3
Southend University Hospital	●	●	●	5	3	4
South Essex Partnership University	●	●	●	5	5	4
South London and Maudsley	●	●	●	4	4	3
South Staffordshire and Shropshire Healthcare	●	●	●	4	4	4
South Tees Hospitals	●	●		4	4	
South Tyneside	●	●	●	4	3	3
South West Yorkshire Partnership	●	●		4	4	
Stockport	●	●	●	3	3	3
Surrey and Borders Partnership	●	●	●	3	3	3
Sussex Partnership	●	●	●	4	3	4
Tameside Hospital	●	●	●	3	3	3

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	Governance risk rating			Financial risk rating		
	Q2 09-10	Q1 09-10	ARA 09-10	Q2 09-10	Q1 09-10	ARA 09-10
Taunton and Somerset	●	●	●	4	5	4
Tavistock and Portman	●	●	●	4	4	3
Tees, Esk and Wear Valleys	●	●	●	3	3	3
The Christie	●	●	●	4	5	4
The Dudley Group of Hospitals	●	●	●	5	4	5
The Newcastle Upon Tyne Hospitals	●	●	●	4	4	4
The Royal Bournemouth and Christchurch Hospitals	●	●	●	4	3	4
The Royal Orthopaedic Hospital	●	●	●	5	5	5
The Rotherham	●	●	●	4	3	4
The Royal Marsden	●	●	●	4	4	4
The Walton Centre	●			4		
University College London Hospitals	●	●	●	3	3	3
University Hospitals Birmingham	●	●	●	4	4	4
University Hospital of South Manchester	●	●	●	3	3	3
University Hospitals Bristol	●	●	●	4	3	4
Warrington and Halton Hospitals	●	●	●	4	3	4
Wirral University Teaching Hospital	●	●	●	4	4	3
Wrightington, Wigan and Leigh	●	●	●	3	2	3
Yeovil District Hospital	●	●	●	4	4	4
York Hospitals	●	●	●	3	3	3

## Background information

### NHS foundation trusts' freedoms

NHS foundation trusts have significant management freedoms; they are free from central government control and can decide how best to improve the services they offer to patients. They are also accountable to their communities, through local members of the trust, who in turn elect representatives to the board of governors.

NHS foundation trusts operate in a different financial regime from other NHS organisations.

The key differences are:

- no statutory duty to break even – an NHS foundation trust can generate a surplus each year and re-invest; it can also incur a deficit, although the regulatory framework requires an NHS foundation trust to demonstrate financial viability over the medium term;
- no access to brokerage or one-off support – NHS foundation trusts do not have access to financial support from a strategic health authority or the Department of Health; and
- accounting treatment – NHS foundation trusts are subject to a slightly different accounting regime which is aligned to International Financial Reporting Standards (IFRS) used for commercial organisations.

Monitor quotes headline figures for NHS foundation trusts before deductions for exceptional items. This is to enable a clearer comparison with NHS trusts. The reason for the difference is principally the accounting treatment of asset value impairments.

Impairments occur where an asset, such as a building, is revalued and the revised valuation differs from that currently shown on the balance sheet.



# Monitor

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