

DEPARTMENTAL AND GENERAL GOVERNANCE

Name: William Dukelow

Title: Mr

Present position and institution:

Principal Officer (Grade 7)
Waste Strategy, Producer Responsibility and Landfill
Environmental Policy Division
Department of the Environment

Previous position(s) and institution(s):

[in 1995, 1996, 2000, 2001, and 2003 respectively]

In 1995 and 1996 I was Deputy Principal (DP) in Pay and Grading Unit, Department of Finance and Personnel (DFP). I returned to DHSSPS in (approx) April 1996 as Deputy Principal (DP) in Policy Review Support Unit (PRSU).

In early 2000 I was Deputy Principal in the Ministerial Group on Public Health, DHSSPS and from (approx) April 2000 I was Principal Officer (Grade 7) in the Performance Management Unit (E), DHSSPS.

I continued in this post until July 2001 when I was seconded to OFMDFM as Deputy Director in the Office of the NI Executive in Brussels. I was in this post in 2003.

Membership of Advisory Panels and Committees:

*[Identify by date and title all of those since 1995]*N/A

Previous Statements, Depositions and Reports:

*[Identify by date and title all of those since 1995]*N/A

OFFICIAL USE:

List of previous statements, depositions and reports:

Ref:

Date:

IMPORTANT INSTRUCTIONS FOR ANSWERING:

Please attach additional sheets if more space is required. Please identify clearly any document to which you refer or rely upon for your answer. If the document has an Inquiry reference number, e.g. Ref: 049-001-001 which is 'Chart No.1 Old Notes', then please provide that number.

If the document does not have an Inquiry reference number, then please provide a copy of the document attached to your statement.

DETAILS OF YOUR CAREER HISTORY, QUALIFICATIONS AND EXPERIENCE

- (1) From organisation charts provided to the Inquiry by the Department of Health, Social Services and Public Safety ("the Department"), [Ref: 323-031-004], it appears that you were head of the Performance Management Unit (E) of the Planning & Performance Management Directorate in 2001. Arising from that:

- (a) State the dates on which:

- (i) You became head of the Performance Management Unit (E)

Approximately April 2000

- (ii) You ceased to hold that post.

10 July 2001

- (b) Provide your job description and detail the duties and responsibilities of that post. If the duties/responsibilities changed when you were in the post, please give details of the changes and when they occurred.

I cannot recall these details and have kept no records

- (c) Identify to whom you were accountable in carrying out the duties of the post.

John McGrath

- (2) Describe your career history prior to becoming head of the Performance Management Unit (E). In particular;

- (a) Give full details of the duties, responsibilities and accountability of any posts held by you in the Department from 1995.

From approx April 1996 to approx 1998: DP in Policy Review Support Unit (PRSU)

From approx 1998 to approx March 2000: DP in Ministerial Group on Public Health (MGPH)

I cannot recall the details of duties and responsibilities.

- (3) Describe your career history since you ceased to hold the post of head of the Performance Management Unit (E), stating the posts held and the dates between which the posts were held.

From July 2001 to Sept 2006: Deputy Director in the Office of the NI Executive in Brussels, OFMDFM

From Sept 2006 to present: Principal Officer, Environmental Policy Division, DoE

- (4) State any relevant qualifications that you hold and the date(s) on which you obtained them.

N/A

- (5) Describe the role of the Performance Management Unit within the Planning & Performance Management Directorate.

I cannot recall all of the details but the role of the Unit included overseeing Accountability Reviews for Boards and Trusts and consideration of Business Cases.

KNOWLEDGE OF THE DEATHS OF THE CHILDREN

- (6) State when and how you became aware of the deaths of:

- (a) Adam Strain
- (b) Claire Roberts
- (c) Lucy Crawford
- (d) Raychel Ferguson
- (e) Conor Mitchell

I wasn't aware of these deaths at the time – I only became aware from media reports much later when I had left the Department.

State what action, if any, you took when you became aware of each death

N/A

- (7) Would you have expected, as head of the Performance Management Unit (E), to be made aware of serious adverse incidents such as the deaths of these children?

Not routinely – As I understand it, there was no formal mechanism for doing so (Ref: WS-062/1, page 4)

- (8) What would you have done if you had been made aware of any of the deaths as a serious adverse incident?

I would have sought advice from senior medical officers within DHSSPS.

- (9) Would you have expected, in the period 1995-2003, that serious adverse incidents, such as the deaths of these children, would be reported to the Department? If so,

No. As I understand it, there was no formal mechanism for doing so.

- (a) To whom in the Department would it be reported?
- (b) What action, if any, would you have expected the Department to take?
- (10) Would you have expected the Department to have been informed of the statement produced by the RBHSC following the Inquest of Adam Strain? [Ref: 011-014-107a]

Can't really comment; I wouldn't have expected to have been informed.

- (a) If so, what action, if any, would you have expected the Department to take?
- (11) Were you aware of the establishment of the Hyponatraemia Working Group?

No, it was established after I left the Department.

- (a) If so, please give details of when, how and for what purpose you became aware.
- (b) Please state what you considered to be the purpose of the establishment of the Working Group.

MONITORING AND ACCOUNTABILITY ARRANGEMENTS IN THE HPSS

- (12) Describe the accountability arrangements in the HPSS in the period between 1995 and 2003. In particular, describe your role and functions in those arrangements.

I cannot add anything substantive to paper METL 2/93 (Ref: 323-001a-007)

I was head of Performance Management for the Eastern Board area from approx April 2000 to July 2001.

- (13) Describe the specific arrangements by which the performance of the Royal Group of Hospitals HSS Trust was monitored by the Department and by which the Trust was held accountable by the Department for the discharge of its functions in the period 1995-2003. In particular:
 - (a) Were there meetings to monitor performance and hold the Trust to account?

I don't remember specifically, but it is likely that meetings with the Trust took place.
 - (b) Where and how often did such meetings take place?
 - (c) Who attended such meetings on behalf of:
 - (i) The Trust
 - (ii) The Department?
 - (d) Were the meetings minuted?
 - (e) Were you personally involved in monitoring the performance of the Trust and /or holding the Trust to account?
 - (f) Describe your involvement in monitoring the performance of the Trust or holding the Trust to account.

Yes, but I don't remember the detail

- (g) Were issues concerning patient safety, clinical care or the quality of care raised by or with the Trust in the course of monitoring the performance of the Trust or holding the Trust to account? If so:

I don't recall them being raised

- (i) Please provide details and examples.
- (ii) What action was taken by the Department?
- (h) Were issues concerning the deaths of any of the children who are the subject of this Inquiry ever raised by or with the Trust in the course of monitoring the performance of the Trust or holding the Trust to account? If so:

I don't recall them being raised

- (i) Please provide details.
- (ii) What action was taken by the Department?

- (14) Describe the specific arrangements by which the performance of the Altnagelvin Hospital Trust was monitored by the Department and by which the Trust was held accountable by the Department for the discharge of its functions in the period 2001-2003. In particular:

Altnagelvin Hospital Trust was outside of my responsibility

- (a) Were there meetings to monitor performance and hold the Trust to account?
- (b) Where and how often did such meetings take place?
- (c) Who attended such meetings on behalf of:
- (i) The Trust
- (ii) The Department?
- (d) Were such meetings minuted?
- (e) Were you personally involved in monitoring the performance of the Trust and /or holding the Trust to account?
- (f) Describe your involvement in monitoring the performance of the Trust or holding the Trust to account.
- (g) Were issues concerning patient safety, clinical care or the quality of care raised by or with the Trust in the course of monitoring the performance of the Trust or holding the Trust to account? If so:
- (i) Please provide details and examples.
- (ii) What action was taken by the Department?

(h) Were issues concerning the death of Raychel ever raised by or with the Trust in the course of monitoring the performance of the Trust or holding the Trust to account? If so:

(i) Please provide details.

(ii) What action was taken by the Department?

(15) Dr Paddy Woods told the Inquiry [Ref: 323-001a-001] that formal accountability meetings took place between the Department and Sperrin Lakeland HSS Trust twice per year usually mid-year and end of year. He has advised that individuals who might have had responsibility for the oversight of Sperrin Lakeland in 2000 and who might have received reports of issues affecting the Trust would have included John McGrath (the director of the Planning & Performance Management Directorate), Clive Gowdy, Paul Simpson and Alan Gault (the head of the Performance Management Unit (N, S, W)). Arising from this:

Sperrin Lakeland HSS Trust was outside of my responsibility

(a) Describe the specific arrangements by which the performance of the Sperrin Lakeland trust were monitored by the Department and by which the Department held the Trust accountable for the discharge of its functions.

(b) Please confirm whether you were involved in accountability meetings with the Sperrin Lakeland Trust during the period 2000-2002.

(c) Where did those meetings take place?

(d) Who represented the Trust at those meetings in the period 2000-2002?

(e) Please give examples of matters discussed during those meetings.

(f) Were the meetings minuted?

(g) Outside of formal accountability meetings, did you personally receive reports of issues affecting Sperrin Lakeland Trust in the period 2000-2002? Please give examples of the sorts of issues which were brought to your attention.

(h) Were issues concerning clinical care or patient safety ever raised by the Trust or discussed with the Trust either within or outside the formal accountability meetings? If so:

(i) Please give examples and details.

(ii) What action did the Department take?

(i) Did the Sperrin Lakeland Trust at any time during the period 2000-2002 make you or the Department aware of any of the following:

(i) Lucy Crawford's death

(ii) The allegations of clinical incompetence made against Dr O'Donohoe by Dr Asghar in June 2000 [Ref: 036a-099-212 to 036a-099-214 and 036a-004-009 to 036a-004-010]

- (iii) The Trust's decision to request the Royal College of Paediatrics and Child Health (RCPCH) to assist in investigating those allegations [Ref: 036a-009-016 to 036a-009-018]
- (iv) The first report of the RCPCH representative Dr Moira Stewart [Ref: 036a-025-052 to 036a-025-060]
- (v) The meeting between the Trust's Medical Director Dr Kelly and Dr Moira Stewart on 1st June 2001 [Ref: 036a-027-066 to 036a-027-068]
- (vi) The external review report of the RCPCH by Dr Stewart and Dr Boon [Ref: 036a-153-318 to 036a-153-323]
- (j) Would you have expected that the Trust would have made you and/or the Department aware of any or all of the events set out in (h) above? Please give reasons for your answer.

- (16) Describe what arrangements were in place in the period between 1995 and 2003 to enable you personally and/or the Department to know what was going on in the HPSS and of issues affecting the HPSS.

As far as I remember, largely through Accountability Reviews

- (17) Paragraph 18 of METL 2/93 [Ref: 323-001a-007] under the heading "Ground Rules For Intervention" states, so far as relevant, as follows:

"Intervention by the ME in the affairs of a trust should be exceptional, in line with the principles of maximum delegation. It may be judged necessary in certain circumstances eg-

Items of concern relating to patient safety or client care;..." (a number of other examples of circumstances in which intervention may be judged necessary is also provided)

Arising from this:

- (a) What arrangements did the Department have to become aware of "items of concern relating to patient safety or client care" in the period 1995 -2003?

As far as I remember, through Accountability Reviews

- (b) How did the Department expect to become aware of "items of concern relating to patient safety" in the period 1995-2003?

CLINICAL GOVERNANCE/QUALITY OF CARE

- (18) Detail all steps taken by the Department between 1995 and 2003:

I cannot recall specific publications or guidance for the period April 2000 - July 2001

- (a) To encourage or require trusts:
 - (i) To manage and improve the quality of care which they provided.
 - (ii) To implement and improve clinical governance.
 - (iii) To implement and improve clinical audit

(iv) To implement and improve a system for dealing with clinical complaints

(b) To satisfy itself as to the steps taken by trusts to progress the matters at (a).

- (19) Departmental Circular PRSC (PR) 2/99 beginning at Ref: WS-066/1, page 105 refers at paragraph 6.1 [Ref: WS-066/1, page 119] to a document "*Promoting Quality: a Framework for the HPSS*" which was to be issued in the autumn of 1999. Arising from this please answer the following:

I don't know – this was not a document that I was working on.

(a) Was "*Promoting Quality: a Framework for the HPSS*" issued in autumn 1999 or at all?

(b) If it was not published, what were the reasons for that?

(c) Can you provide a copy of this document, or any drafts thereof to the Inquiry?

(d) What steps did the Department take to emphasise that "*high quality services is everyone's business*"?

(e) What did the "*existing good practice*" refer to?

(f) When did the Government in Northern Ireland first set the objective that "*everyone has fair access to effective prompt high quality health and social services*"?

- (20) Were there communications between you and your Unit and the Chief Medical Officer and her team, or the Chief Nursing Officer and her team about the performance of trusts in any of the following matters:

Not to the best of my knowledge

(a) Patient safety and care;

(b) Quality of care;

(c) Clinical governance;

(d) Clinical complaints;

(e) Clinical audit.

- (21) If there were communications of the kind mentioned:

(a) Please give examples of the matters which were the subject of the communications;

(b) Were there established systems/forums in the Department for such communications?

ADDITIONAL QUERIES

- (22) Between 1995 and 2003, what policies were there for the dissemination of guidelines / protocols from the Department down to Boards / Trusts?

I cannot recall specifically

- (23) How was the implementation of such guidelines and protocols by Boards and Trusts examined / assessed / monitored?

I cannot recall specifically

- (24) How would the Department be made aware of issues / areas that required dissemination of information / protocols? In particular, how would Boards / Trusts make the Department aware of such issues?

As far as I remember, through the Accountability review process

- (25) How would the Department be involved in the dissemination of materials amongst Boards / Trusts?

I cannot recall specifically

- (26) What do you consider to have been the main impetus behind the creation of a formal adverse incident reporting system from 2002?

I cannot comment

- (27) Why was a formal approach not adopted for adverse incident reporting prior to 2002?

I cannot comment

- (28) Prior to 2002, what would you have expected Trusts / Hospitals to have done (if anything) in regard to informing the Department when cases involving deaths due to possible medical mismanagement were involved in:

As I understand it, there were no formal mechanisms in place

(a) Formal complaint procedures

(b) Coroner's Inquests

(c) Medical negligence actions?

- (29) The final report of the Mid Staffordshire NHS Foundation Trust Public Inquiry, chaired by Robert Francis Q.C. was published on Wednesday 6th February 2013. One of its key recommendations was that of 'openness and candour', namely that: *"Every healthcare organisation and everyone working for them must be honest, open and truthful in all their dealings with patients and the public, and organisational and personal interests must never be allowed to outweigh the duty to be honest, open and truthful."*

I cannot comment

(a) What were your expectations of how the Trusts dealt with the deaths of Adam / Claire / Raychel / Lucy, and how did their actions meet or fail to meet your expectations?

(b) What were your expectations in situations where the Trust(s) withheld relevant documents on grounds of privilege?

(c) What were your expectations in situations where the Trust(s) did not make public acceptance of liability in medical negligence actions?

- (30) Mr. Clive Gowdy, former Permanent Secretary, DHSSPS, stated in his Inquiry Witness Statement [Ref: WS-062/1, page 4] as follows:

"In December 1998, the Department commissioned Healthcare Risk Resources International consultants to undertake a survey of risk management in all HPSS organisations. The terms of reference for the survey were to determine the level of application of risk management methods and the implementation of best risk management practices within these organisations. Incident reporting was one of the items included in the survey. [...] There was a general perception that there might have been a significant level of under-reporting of adverse incidents."

- (a) Were you aware of this report and its findings? Please provide a copy of the report if you are able to do so.

I was not aware of this report

- (b) What was done as a result of the report's finding that "there might have been a significant level of under-reporting of adverse incidents"?

I cannot comment

- (31) Provide any further points and comments that you wish to make, together with any relevant documents.

THIS STATEMENT IS TRUE TO THE BEST OF MY KNOWLEDGE AND BELIEF

Signed:

W J Dukelow

Dated: *11-10-13*

Departmental Solicitor's Office



Department of
**Finance and
Personnel**

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Mr B McLoughlin
Secretary to the Inquiry
Arthur House
41 Arthur Street
BELFAST
BT1 4GB



Your Ref: BMcL-0136-13
Our Ref: LIT 0477/2008/CR

Date: 9th September 2013

Dear Mr McLoughlin

**HYPONATRAEMIA INQUIRY – DEPARTMENTAL AND ADDITIONAL
GOVERNMENT SEGMENT**

I refer to the above matter and your request for further information in relation to Performance Management and Improvement Units. I would advise that I am instructed by my client as follows:

It is not possible to confirm when Performance Management (Eastern), Performance Management (Northern, Southern and Western) and Quality and Performance Improvement Units were created. It is thought that this was around 2000. Prior to the creation of these units, responsibility for these areas of work would have been undertaken by Performance Review and Secondary Care Directorate

Despite the similarity in names, the old Performance Review Branch had a difference range of responsibilities and a smaller performance review remit than its subsequent Performance Management (E) and Performance Management (NSW). It had responsibility for publishing the HSS Management Executive Plan, Ministerial Accountability reviews with the 4 Boards, the Charter for Patients and the development of the HPSS Complaints procedure. The roles of the new units are outlined below-

Performance Management Eastern –

Monitoring Eastern Boards and Trusts;
Accountability Reviews;
Progress Reviews;
Trust Accountability;
Recovery plans;
Business Cases;
General legislation, HSS Trusts
Agencies (RMPA, CSA & BTS);
Performance Management Eastern;
HSS Council;



Performance Management (N,S& W)

Monitoring Northern/Southern and
Western Board and Trusts;
Accountability Reviews;
Progress Reviews;
Trust Accountability;
Recovery plans;
Business Cases;
General legislation, HSS Boards
Agencies (RMPA, CSA & BTS);
Performance Management (N,S&W)
HSS Councils;

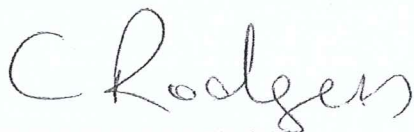
Quality Performance Improvement Unit

Performance Management Framework;
Corporate Monitoring;
Quality Agenda;
Clinical & Social Care Governance;
Complaints;
Charter;

I have also attached a list detailing the Directors and Head of Units for the periods requested.
(Annex A).

I hope you find this information useful.

Yours sincerely



CATHERINE RODGERS

for The Solicitor

Direct Dial: [REDACTED]

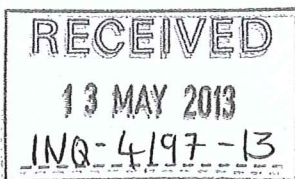
ANNEX A

YEAR	DIRECTORATE	UNIT	DIRECTOR	HEAD OF UNIT
1995	NK	NK	NK	NK
1996	Performance Review & Secondary Care Directorate	Performance Review	Paul Simpson	Alan Gault
1997	Performance Review & Secondary Care Directorate	Performance Review	Paul Simpson	Eileen McBrinn/ Alan Gault
1998	Performance Review & Secondary Care Directorate	Performance Review Quality & Effectiveness	Brian Grzymek	Alan Gault Eileen McBrinn
1999	Planning & Performance Management Directorate	Strategy & Performance Review Provider Performance Monitoring 2 Provider	John McGrath	A Gault John Townsend Dennis McMahon

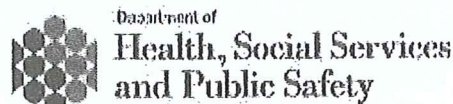
		Performance Monitoring 1 Quality & Effectiveness		Eileen McBrinn
2000	NK	NK	NK	NK
2001(August)	Planning & Performance Management Directorate	Performance Management (E) Performance Management (N,S,W) Quality & Performance Improvement Unit	John McGrath	William Dukelow A Gault Eileen McBrinn Fergal Bradley
2002	Planning & Performance Management Directorate	Performance Management (E) Performance Management (N,S,W) Quality & Performance Improvement Unit	John McGrath	David Galloway Margaret-Rose McNaughton Fergal Bradley

2003	Planning & Performance Management Directorate	Performance Management (E)	Bryan Davis	David Galloway
		Performance Management (N,S,W)		Margaret-Rose McNaughton
		Quality & Performance Improvement Unit		Fergal Bradley

From the Deputy Chief Medical Officer
Dr Paddy Woods



Mr Brian McLoughlin
Assistant Solicitor to the Inquiry
The Inquiry Into Hyponatraemia-related Deaths
Arthur House
41 Arthur St
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Paddy.woods@[REDACTED]

Your Ref:
Our Ref: DH1/13/87456
Date: 29 March 2013

Dear Mr McLoughlin

RAYCHEL FERGUSON PRELIMINARY

Your letter of 19 March refers. Please find attached a copy of the accountability framework which was in place in 2000 between the Management Executive (The Department) and HSS Trusts.

Formally accountability meetings would have taken place twice per year, usually mid-year and end of year.

I understand that the individuals who would have had responsibility for the oversight of Sperrin Lakeland in 2000, and who might have received reports of issues affecting the Trust were:

- Clive Gowdy, Permanent Secretary (retired)
- Paul Simpson, Chief Executive Management Executive (retired)
- John McGrath, Director, Management Executive
- Alan Gault, Principal Officer, Management Executive

If you have any queries or require any further information, please do not hesitate to contact me.

Yours sincerely

Dr Paddy Woods
Deputy Chief Medical Officer

cc Conrad Kirkwood
Tricia Finlay

Working for a Healthier People





Management Executive

Office of the Chief Executive

Chief Executives of HSS Trusts and
Shadow Trusts - for action

METL 2\93

Area General Managers)
UGMs } for information
GP Fundholders }

(October 1993

Dear Sir\Madam

ACCOUNTABILITY FRAMEWORK FOR TRUSTS

1. This letter sets out the framework of accountability which will exist between the Management Executive (ME) and HSS trusts in the future. It reflects both the statutory responsibilities of trusts and the role they will be expected to play in the pursuit of the corporate objectives of the HPSS currently summarised annually in the Management Plan.

Relationships

2. In developing and articulating this accountability relationship it has been recognised that some refinements may be required in the future. The need for these will be kept under review. It is also intended to develop a set of statements addressing the major relationships which now exist within the HPSS involving the ME, Boards, trusts and GP Fundholders.
3. The reforms of the HPSS brought forward in the Health and Personal Social Services (NI) Order 1991 are designed to enhance the capacity of the HPSS to secure improvements in the health and social well-being of the population by improving performance, raising standards and enhancing quality. The separation of the purchasing and providing roles will in particular allow the delegation of management responsibility to the local level. HSS trusts established under the 1991 Order are independently managed provider units which are statutory bodies and remain within the HPSS. They are expected to maintain good relationships with purchasers based on collaboration and partnership.
4. As such HSS trusts are accountable to:
 - i. the general public and in particular local communities. As statutory bodies utilising public funds, trusts are expected to demonstrate good stewardship to the taxpayer



Management Executive

Office of the Chief Executive

and an efficient responsive service to the people they serve. They should encourage the involvement of local communities and build up good relationships with their Health and Social Services Councils. Each trust must hold an annual public meeting and issue an annual report.

- ii. to purchasers (Boards and GP fundholders). The primary accountability of trusts for the quantity, quality and efficiency of the service they provide will be to their purchasers. The contracting mechanism will provide the means for these to be specified and monitored. In the main therefore the line of accountability for service delivery issues will be initially to the purchaser(s) and from there to the ME if there are strategic implications or the matter is the subject of a Parliamentary Question or Minister's query.
- iii. to the ME for the performance of their functions, including the delivery of objectives and targets set out in the Strategic Direction and annual Business Plans. They will also be required to meet their statutory financial obligations and conform with any other specific requirements placed upon them, including those in the Management Plan.

- 5. The current proposal to amend the 1991 Order will enable Boards to delegate statutory functions to trusts. The new legislation will require each trust involved to develop a scheme specifying how it will discharge these functions in line with Departmental/Board guidance and current good practice. These schemes must be agreed with the appropriate Board and approved by the Management Executive. This mechanism will create a further relationship between certain trusts and Boards in addition, but complementary, to the contractual relationship. Boards will retain a strategic residual responsibility for the functions involved and will be expected to ensure both that the schemes reflect sound and effective working procedures and that they are adhered to by trusts. In turn the Department will retain ultimate legal responsibility for the functions and will wish to ensure that both Boards and trusts are discharging their responsibilities.

Health and Personal Social Services Northern Ireland

LH 89

Dundonald House, Upper Newtownards Road, Belfast BT4 3SF. Tel: [REDACTED] Fax: [REDACTED]

Departmental Solicitors Office

323-001a-003

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Obligations of Trusts

6. Under the 1991 Order, trusts are expected to meet a range of key financial responsibilities:-
 - i. break even on an income and expenditure basis taking one year with the next;
 - ii. achieve a target return on assets currently 6%;
 - iii. stay within the annual External Financing Limit (EFL) set;
 - iv. pursue and demonstrate value for money in the services they provide and in the use of the public assets and resources they control.
7. Trusts are also expected to meet all legal obligations, discharge their statutory financial duties and comply with a range of advice, guidance and standards where it is clear that these apply. The ME will establish arrangements to specify where guidance applies to trusts consistent with the principle of maximising operational freedom.
8. All HSS trusts will be expected to contribute to the achievement of corporate objectives of the HPSS and, as appropriate, Government at large. As such they will be required to be committed to:
 - the achievement of the Regional Strategy and Boards' Area Strategies;
 - delivery of the annual HPSS Management Plan;
 - implementation of the Charter for Patients and Clients ;
 - work within the framework of relevant central guidance and policies, particularly on:-
 - i. education and training;
 - ii. capital investment;
 - iii. estate issues and environmental issues;
 - iv. information and IT;
 - v. procurement;
 - vi. 'Competing for Quality'.



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Strategic Direction and Business Plans

9. It is proposed that there should be 2 essential requirements in the strategic planning process for HSS trusts:-

- i. to produce, submit to the ME and make available publicly, each year, an updated 5-year Strategic Direction, the first year of which represents the detailed Business Plan. The business planning cycle for trusts needs to align broadly with that for Boards. It will therefore be important that the final version of the trust's business plan is submitted at the same time as the Boards' Purchasing Plans are submitted to the ME. It will be necessary for trusts to submit a draft version to the ME in advance once Boards' purchasing prospectuses are available and a reasonable assessment of the contracts likely to be secured is possible.
 - ii. to provide the justification for planned capital investment to allow agreement of the annual EFL for each trust. Outline proposals should be linked to the purchaser's longer term plans and contained in the rolling 5-Year Strategic Direction, but full business cases can be made at any time. Interim business case guidance which is currently available will be superseded following the revision of existing Capricode procedures later this year.
10. The main vehicle for the delivery of purchaser requirements will be contracting. The ME will use the business planning process to secure accountability to the Chief Executive, and hence to Ministers, for the use of public funds and assets. Day to day responsibility for this will lie with the Provider Development Directorate, in conjunction with Financial Management Directorate.
11. Business planning is an important management activity which will enable trusts to ensure their long term financial viability and for planning the direction which the trust is taking in a way that is consistent with the key strategic health and social care objectives of the purchasers, as well as providing the basis for the ME to safeguard Ministers' ultimate responsibility over the use of public funds. These Plans will also be the basis on which trusts' overall performance will be assessed by the ME.



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12. The Annex sets out details of the purpose of the Strategic Direction and Business Plan together with requirements on capital investment. It is the intention that all HSS trusts would prepare plans in line with the revised requirements set out in this circular. Normally final versions of these submissions should be available following the completion of the contracting round.
13. The Strategic Direction and Business Plan should set out the key management tasks for the trust and identify how longer term strategic objectives will be pursued. The Business Planning guidance already issued to trusts sets out what the ME would expect to see covered by trusts in order to achieve their desired outcomes in terms of meeting purchaser intention, health and social gain activity and service investment, and the resources which the trusts will need to achieve these. The underlying intention is that the accountability needs and the monitoring arrangements should not be onerous, should be based on a broad, but limited, range of indicators and that trusts should be given the maximum possible freedom to manage their own affairs without detailed intervention.

Monitoring

14. In monitoring the performance of trusts the Management Executive will focus on:-
 - performance against targets and objectives in the Business Plan;
 - performance in relation to statutory financial obligations based on detailed financial returns;
 - the contribution, via contracting, to achievement of service priorities;
 - application of funds directly allocated eg for STAR post-graduate medical and dental education and from 1994/95, for the training of junior doctors/dentists;
 - adherence to statutory obligations.
15. In addition to the Strategic Direction, Business Plans and Corporate Monitoring returns, trusts will be expected to participate in and contribute to HPSS information systems such as Korner returns. While the normal accountability lines for service delivery issues will be via purchasers, trusts will still be expected to provide

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any information required by the ME in support of Ministers or for Parliamentary purposes.

Openness

16. The Management Executive fully supports the flow of information between purchasers and providers. However, openness is not an accountability tool in itself although it will need to exist at several levels:-

- at the public level, trusts are required to publish their Strategic Direction and summaries of their Business Plan, hold public meetings and present audited accounts and an Annual Report (which should include a report on the extent to which targets in the Strategic Direction and Business Plans have been achieved);
- with purchasers, there should be an equivalence of interests and responsibility in sharing information. Purchasers will be concerned to reassure themselves that contract price and capital bids are reasonable and justified.

17. Confidentiality should be the exception to the rule that information on both sides of the contractual divide should be made available on a mutually beneficial basis. The ME will therefore expect that:-

- providers will comply with relevant ME guidance on contract prices (full costs, no subsidisation etc);
- all contracts and tariffs will be published;
- purchasers will discuss purchasing objectives, resources etc openly with their providers who in turn will discuss proposed developments with purchasers;
- no information relating to other providers/purchasers will be exchangeable other than with their agreement.

Ground Rules for Intervention

18. Intervention by the ME in the affairs of a trust should be exceptional, in line with the principles of maximum delegation. It may be judged necessary in certain circumstances eg:-

- items of concern relating to patient or client care;



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- failure to discharge statutory functions;
- breach of statutory obligations and EC Directives;
- unacceptable financial performance;
- action in breach of the Establishment Order;
- significant variation from agreed objectives and performance targets.

Any such interventions will not preclude relevant actions by the appropriate Board whether acting in its role of purchaser or fulfilling its statutory residual responsibility in respect of the statutory functions delegated to the trust.

Queries

19. Any queries on the terms of this letter should be directed to the Provider Development Directorate, which is the principal point of contact in the Management Executive for Trusts.

Yours faithfully

JOHN G HUNTER



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ANNEX

The Strategic Direction

1. The identification and agreement of strategic objectives, and of a plan for their achievement are essential business planning practice. The Strategic Direction should help trusts to review their operation and consider their longer term response to purchaser requirements and desired changes in the health care delivery systems.
2. Each trust should be required to make available to the ME, and subsequently the general public, a Strategic Direction. This should outline its strategic objectives and indicate the key tasks and investments on which the achievement of the objectives will depend. Outline business cases for key investments should be made available also.
3. The document should be predominantly narrative and should be concise, but it should provide sufficient information to allow the ME to understand the proposed pattern of the trust's services in the future. This is because this information, together with that provided by Boards in relation to purchasing intentions and DMU's plans, will be crucial to the ME overall co-ordination and management of the HPSS.
4. The document should cover the following 5 years. Trusts may wish to look further forward if there are proposed changes in the longer term which are essential to understanding its strategy. The document should be rolled forward annually, with its detailed Business Plan forming the analysis for the first year in each case.
5. The draft Strategic Direction should be submitted in the Autumn of the year before the strategy's commencement. The ME will then discuss and agree with the trusts when their document can be finalised and made available publicly. This agreement will indicate that the ME regards the strategy as a realistic and sensible one for the future development of the Trust. It will not imply that the ME supports the detail of the strategic planning exercise nor will it replace the formal approval required for capital investment.

The Business Plan

6. The detailed, yet integrated, Business Plan should set out the key management tasks for the Trust and identify



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how the longer term strategic objectives outlined in the Strategic Direction will be pursued by the Trust in the coming year. It should identify clearly the Trust's desired outcomes and the resources which the Trust will need to achieve these.

7. The plan should draw together the implications for the coming year of the Strategic Plan, the External Financing Limit (EFL), and the contracts established with purchasers. The plan should also contain summary financial and activity information for the subsequent 2 years, in order to ensure consistency with the financial pro-formas.
8. Both the Strategic Direction and Business Plan should be concise. Apart from the information required for the year ahead, they should contain any revisions to outline business cases for proposed investments, and any changes in the Trust's longer term strategy. In support of their Business Plans, trusts should submit a full set of financial pro-formas containing:
 - i. actual figures for the previous year;
 - ii. forecast figures for the current year ie that in which the plan is being prepared;
 - iii. budget figures for the year of the plan; and
 - iv. planning figures for the following 2 years.
9. Taken together, the Business Plan and the pro-formas should:
 - i. demonstrate that the Trust has planned to meet its financial obligations of breaking even, earning a target return on assets and remaining within its EFL;
 - ii. demonstrate that the Trust's plans are based on realistic planning assumptions about, for example, purchasers' intentions, inflation and efficiency gains; and
 - iii. provide a detailed forecast of the Trust's activities.
10. Trusts should provide the ME with a draft business plan by the Autumn of the year prior to the plan's commencement. This will be used to determine indicative EFLs against the background of the availability of resources and assumptions on the level of commissioners'



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funding. The ME will discuss and agree with the trusts when their plans can be finalised and a summary be made available publicly. In any event they will need to be finalised, together with the pro-formas before the start of the year in question.

Capital Investment

11. Trusts need to provide a rationale for any proposed investment or disposal of capital assets for 2 reasons:
 - i. to demonstrate that there are good service and/or financial reasons for the proposal; and
 - ii. to demonstrate that the proposal represents a good use of public money.
12. As a matter of good management practice, trusts need to examine the business case for all investments, whether capital or revenue based, and including acquisitions and disposals.