

24 January 2018

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██████
By email
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Dear ██████████

Request under the Freedom of Information Act 2000 (the “FOI Act”)

We refer to your email of 27 December 2017 in which you requested information under the FOI Act from NHS Improvement. Since 1 April 2016, Monitor and the NHS Trust Development Authority have been operating as an integrated organisation known as NHS Improvement. For the purposes of this decision, NHS Improvement means Monitor and the TDA.

Your request

You made the following request:

“Please can you provide the following information/documentation under FOI laws. If there are any sections of the reports/papers to which NHSI is minded to apply an exemption, then please can you redact these sections only, and still provide the rest of the report/paper.

- 1. All application and supporting documents that NHSI received from Barking, Havering and Redbridge NHS Trust in relation to its request for an interim revenue loan in October 2017.*
- 2. All application and supporting documents which NHSI then sent to the Department of Health/ITFF in relation to this request.”*

Decision

NHS Improvement holds the information that you have requested and has decided to withhold all the information it holds on the basis of the applicability of the exemptions in sections 31, 33, 43 and 41 of the Freedom of Information Act 2000.

Section 31 – Law enforcement

NHS Improvement considers that the withheld information is exempt from disclosure under section 31(1)(g) of the FOI Act which provides that information is exempt information if its

disclosure would, or would be likely to, prejudice the exercise by any public authority of its functions for any of the purposes specified in section 31(2).

NHS Improvement considers that section 31(2)(c) is engaged and that disclosure of the information in question would be likely to prejudice the exercise by Monitor and TDA of their functions for the purpose of ascertaining whether circumstances exist which would justify regulatory action in pursuance of an enactment.

The conditions of Monitor's provider licence enable Monitor to regulate the economy, efficiency and effectiveness of NHS foundation trusts under Chapter 3 of Part 3 of the Health and Social Care Act 2012 ("the 2012 Act"). Monitor will take into account NHS foundation trusts' inefficient or uneconomic spending practices, as a measure of governance and in monitoring NHS foundation trusts' compliance with the licence.

Section 5 of The National Health Service Trust Development Authority Directions and Revocations and the Revocation of the Imperial College Healthcare National Health Service Trust Directions 2016 ("the 2016 Directions") provides that the TDA must exercise its functions with the objective of ensuring that English NHS trusts are able to comply with their duty under section 26 of the NHS Act 2006. Section 26 sets out the general duty of NHS trusts to exercise their functions efficiently, economically and effectively – by, for example, establishing and maintaining best practice corporate governance arrangements and financial management standards and effectively implementing systems and processes.

NHS Improvement relies on the full and frank information from trusts in order to carry out its functions effectively. NHS Improvement relies on having a safe space in which providers are freely able to share information in the knowledge that the information, or any analysis derived directly from it, will not be disclosed more widely. To disclose that information more widely is likely to have a detrimental impact on the quality and content of exchanges between NHS Improvement and the bodies it collectively regulates and its ability to make effective and fully informed regulatory decisions.

Section 33 – Audit functions

Section 33(1)(b) and 33(2) of the FOI Act provide that information may be exempt from disclosure where disclosure would, or would be likely to, prejudice the exercise of any public authority's functions in relation to the examination of the economy, efficiency and effectiveness with which other public authorities use their resources in discharging their functions.

NHS Improvement considers that the withheld information, in so far as it relates to foundation trusts, is exempt under section 33(1)(b) on the basis that Monitor has functions in relation to the examination of the economy, efficiency and effectiveness with which NHS foundation trusts use their resources, which is likely to be prejudiced by releasing the withheld information. Monitor has these functions by virtue of Monitor's general duty under section 62(1)(a) of the 2012 Act to protect and promote the interests of health care service users by promoting the provision of services which is economic, efficient and effective and improves the quality of services.

NHS Improvement considers that the withheld information, in so far as it relates to NHS trusts is also exempt under section 33(1)(b) on the basis that the TDA has functions relating to the examination of the economy, efficiency and effectiveness with which NHS trusts use their resources in discharging their functions (as described above), which is likely to be prejudiced by the release of the information that is being withheld.

As noted above, NHS Improvement depends on the free and frank provision of information from trusts without fear of this being shared more widely, and considers (as explained above) that disclosure would be likely to have a detrimental impact on the quality and content of those exchanges in the future if details or any analysis derived from those details was published to the public at large. This would in turn be likely to have a prejudicial impact on the exercise of NHS Improvement's regulatory functions.

Section 43 – Commercial interests

Section 43(2) of the FOI Act provides an exemption for information, the disclosure of which would or would be likely to prejudice the commercial interests of any person (including the interests of a public authorities, such as trusts).

The Information Commissioner's relevant guidance states that:

"...a commercial interest relates to a person's ability to participate competitively in a commercial activity, i.e. the purchase and sale of goods or services"

It is considered that the commercial interests of the trusts and other suppliers would be likely to be prejudiced.

When NHSI receive a request for an interim revenue loan we review daily cashflow over 13 weeks, including information containing details of receipts and payments relating to individual suppliers and customers. In addition, we also review detailed aged creditor and debtor listings and receive information relating to which suppliers are charging the trust for late penalty interest and/or putting the Trust on stop due to non-payment of invoices, the age of debt and the balances outstanding per supplier or customer.

The disclosure of this information would be likely to damage the trust's ability to commission best value for services. For example, parties seeking to negotiate contracts with a provider could use the information relevant to your request to strengthen their own bargaining position when negotiating for, or providing services to, that trust. In addition, competitors may be able to use such information to their advantage to the detriment of that trust's legitimate interests and existing suppliers.

Public interest test

Sections 31, 33 and 43 are qualified exemptions and therefore require that a public interest test be carried out to determine whether the exemptions should be maintained. We consider that there is a public interest test in transparency in relation to the financial performance of the trust and how it handles its finances. However, we consider that there is a stronger public interest in giving NHS Improvement and providers the space to openly exchange

information that relates to NHS Improvement's functions without disclosing the same to a wider audience and to give the sector the time to address any issues identified without premature disclosure.

Section 41 – Information provided in confidence

We consider that the withheld information is exempt under section 41 of the FOI Act.

Section 41(1) provides that information is exempt if:

*“(a) it was obtained by the public authority from any other person (including another public authority), and
(b) the disclosure of the information to the public (otherwise than under this Act) by the public authority holding it would constitute a breach of confidence actionable by that or any other person.”*

The test in section 41(1)(a) is met as the information was obtained by NHS Improvement by third parties, in this case providers.

The test in section 41(1)(b) is met if it is demonstrated that disclosure would amount to an actionable breach of confidence. This means:

- (i) the information must have the necessary quality of confidence about it;
- (ii) the information must have been imparted in circumstances giving rise to an obligation of confidence;
- (iii) disclosure must amount to an unauthorised use of the information to the detriment of the confider.

NHS Improvement considers that disclosure of the information would amount to an actionable breach of confidence. Section 41 is an absolute exemption and does not require the application of the public interest test under section 2(2) of the FOI Act. However, in considering whether (in an action for breach of confidence) a confidence should be upheld, a court will have regard to whether the public interest lies in favour of disclosure. Where a duty of confidence exists, there is a strong public interest in favour of maintaining that confidence. In the present circumstances, NHS Improvement does not consider that there is a strong public interest in disregarding the duty of confidence owed to providers.

Providers should be able to share information and concerns with NHS Improvement in the expectation that this will be kept confidential, and this is particularly important in relation to financial information which, if disclosed, to the detriment of the provider. NHS Improvement considers that it is crucial that the trust and confidence of providers who impart information in such circumstances should be maintained, and that disclosure of information which is imparted in confidence may inhibit the full and frank disclosure to NHS Improvement of further information we need to fulfil our functions.

Review rights

If you consider that your request for information has not been properly handled or if you are otherwise dissatisfied with the outcome of your request, you can try to resolve this informally with the person who dealt with your request. If you remain dissatisfied, you may seek an internal review within NHS Improvement of the issue or the decision. A senior member of NHS Improvement's staff, who has not previously been involved with your request, will undertake that review.

If you are dissatisfied with the outcome of any internal review, you may complain to the Information Commissioner for a decision on whether your request for information has been dealt with in accordance with the FOI Act.

A request for an internal review should be submitted in writing to FOI Request Reviews, NHS Improvement, Wellington House, 133-155 Waterloo Road, London SE1 8UG or by email to nhsi.foi@nhs.net.

Publication

Please note that this letter will shortly be published on our website. This is because information disclosed in accordance with the FOI Act is disclosed to the public at large. We will, of course, remove your personal information (e.g. your name and contact details) from the version of the letter published on our website to protect your personal information from general disclosure.

Yours sincerely,

NHS Improvement