HSJ LOCAL briefing

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SUSSEX FOUNDATION TRUST PIPELINE

HSJ Local Briefing is our new in-depth analysis of the key issues facing the NHS's major health economies

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In brief

Issue Four out of five acute trusts in Sussex are yet to achieve foundation status, with the government's deadline now less than two year's away.
Context Each of the trusts faces unique challenges and is in a different place in the FT pipeline but all have been affected by problems with the sustainability of the regional health economy. The Department of Health is assessing Western Sussex Hospital's submission, while Brighton and Sussex is hoping to get final approval for a major capital scheme before it focuses on becoming an FT. Both East Sussex Healthcare and Surrey and Sussex face periods of significant transition first.
Outcome Trusts face significant challenges over the next 12 months as they progress towards achieving foundation status. All are considered on schedule but are vulnerable to a range of factors, some of them external.

There are five acute providers serving the Sussex health economy and yet only one has so far attained foundation status.

The health economy's only acute FT is the Queen Victoria Hospital Foundation Trust in East Grinstead, a specialist provider of reconstructive surgery that has a turnover of just £51.4m and does not have an accident and emergency department.

All four of the non-foundation trusts have been historically affected by financial problems connected to the stability of the Sussex health economy as a whole.

Senior sources in the region point to a previous lack of clinical strategy at some individual organisations and more widely across the health economy as a whole, with little integrated decision making among commissioners or providers.

These issues have been exacerbated by the underlying problem posed by the heavy demand placed on services by an ageing population. The counties of East and West Sussex have a total population of around 1.3 million, which is among the oldest in the country, encompassing towns such as Eastbourne and Worthing. There are also pockets of deprivation in places such as Hastings.

This week's HSJ Local Briefing analyses how each of the trusts plans to attain foundation status, the challenges they face over the crucial next 12 months and whether they will exit the pipeline by April 2014.

Western Sussex Hospitals Trust: the state of play and next steps

The most advanced of the four is Western Sussex Hospitals Trust, which has a turnover of £350m, and made its latest submission to the Department of Health on 1 October. The outcome is still awaited.

The trust is viewed as having made quick progress since its formation in April 2009 from the merger of the Royal West Sussex and Worthing and Southlands Hospitals trusts.

However, its situation in the pipeline is delicate. The trust had intended to have completed its journey to FT status by now. Its submission first went to the DH at the end of April 2011, with board papers stating that it hoped to be passed to Monitor in July that year and approved as an FT in December.

But in July it was asked to provide the DH with more assurance on its financial situation, waiting times performance and governance arrangements.

Performance across a number of key indicators was below target in spring and early summer last year. It was red rated in May across six indicators, including the 18 weeks target for admitted referrals, two week target for GP referral to first outpatients appointment and 62 day urgent referral to treatment target for cancer.

After its setback in July, performance improved significantly across all indictors. However, February saw a dip, especially in A&E.

Meanwhile, the trust appears to have recovered its financial position, after being overspent in four months – from May to September – and being behind plan until January.

In February, with one month of the financial year to go, the trust had a year to date surplus of around £4.4m and a favourable variance of £650,000 against budget. Its plan for the year is a £5.2m surplus, the same as achieved in 2010-11.

Unsurprisingly the Department of Health appears to be looking very carefully at the trust's baseline performance before giving the okay to progress to Monitor.

It has already spent five months scrutinising the submission, several months longer than the usual two or three.

However, Amanda Philpott, director of strategy at the NHS Sussex primary care trust cluster, told HSJ she was positive the trust would make it through to Monitor. "I have no reason at this stage to think that they wouldn't be progressed," she said.

However, a senior local source said: "They've done really well in a short period of time because most mergers involve you going into financial deficit and Western hasn't."

Brighton and Royal Sussex: state of play and next steps

Brighton and Sussex University Hospitals Trust, which has two main sites, plans to make its submission to the DH in April 2013.

It is however playing a waiting game on two fronts. Before it submits its FT application it has to first get sign off for a £420m public capital development programme.

The 3Ts programme will see the modernisation of the Royal Sussex County Hospital, which currently has the oldest buildings in the NHS still used for acute care. It will also result in the expansion of major trauma and oncology services and medical training facilities.

A planning application for the work was approved by Brighton and Hove Council in January and NHS South of England approved the outline business case at the end of March. The plans have now passed to the DH.

Speaking to HSJ, trust chief executive Duncan Selbie said: "It's taken us five years from a standing start to get to this position."

"We expect that the DH will approve the OBC and release the decant money by the end of May and then of course it needs to go to the Treasury."

"Our first priority has been getting the capital approved to rebuild the hospital given the desperate need. This is not instead of our FT application but in advance of it."

Despite the trust's focus on securing public funding for its redevelopment, it had discussed ambitions around the issue of becoming an FT.

Board papers from November 2009 reveal that it aimed to get authorised as early as autumn 2010. Then in July 2010 it considered pursuing a merger with the smaller Queen Victoria Hospital FT, with which it had been developing a clinical and academic partnership with since 2008.

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Board papers noted that should Brighton and Sussex opt against a merger – which it subsequently did in August 2010 – it would "immediately progress its application for NHS foundation trust status in its own right", with a planned authorisation date of April 2011.

Brighton and Sussex has continued to develop its clinical and academic partnership with QVF and from this month began providing pathology services for the FT. But a formal merger between the two appears unlikely.

The trust's TFA agreement does however also require it to improve its financial performance in some areas. It successfully paid off an historic debt of £34m three years ago but now needs to up its game on efficiencies.

The trust has delivered recurrent capital investment programme savings of between 5 and 6 per cent over the past three years but needs to stretch this to 7 per cent, or £32m, in 2012-13 to deliver a £2.9m surplus. According to board papers from February, it was forecasting a breakeven position for 2011-12.

Mr Selbie said 7 per cent was doable for the trust during this financial year. "It is stretching it but it's not stupid", he said.

However, the organisation was dealt a blow just before Easter when it was announced that its well respected chief executive will be leaving in July to become the inaugural chief executive of Public Health England. No replacement has as yet been announced.

Despite the challenge of finding savings, local commissioners believe the trust's move to FT status is largely dependent on securing DH approval for the 3Ts programme and therefore it is a matter of when, not if, this happens.

Ms Philpott said: "It's a function of the process that this strategic business case, which was already in train and takes a number of years to go through, has got to get full approval before they can progress.

"It's not a concern that they can't get there, it's simply a timing issue."

East Sussex Healthcare Trust: state of play and next steps

Towards the back of the pipeline is East Sussex Healthcare Trust, which is not due to apply to the DH till October 2013 – just five months before the government's April 2014 deadline.

The £361m turnover integrated care organisation was formed in April 2011 through the merger of East Sussex Hospitals Trust and the provider arms of two local primary care trusts. It has two district general hospitals, one at Eastbourne and the other at Hastings.

The trust has longstanding financial problems and was put into turnaround in August. Last year it required £14m in additional funding from commissioners to breakeven. It had hoped to achieve a planned surplus of £1.3m. In addition, in February the trust still faced a £14m gap between its savings forecast and its £30m target.

The trust has also fallen foul of the Care Quality Commission, having been formally warned in February that it must do more to improve the way it monitors and assesses treatment and care standards. The warning followed negative findings after three unannounced inspections by the regulator in 2011.

The trust was given until 31 March to comply. The CQC has yet to reveal whether it has done so.

Despite these problems, the trust is about to undergo a major period of transition and is due to publish a five year clinical strategy over the next few months, which it is hoped will get it into a position ready for FT status.

Chief executive Darren Grayson, who joined the trust in April 2010, told HSJ: "The reason why this organisation is not an FT is that it hasn't had until recently that longer term vision of what it was going to be, the three to five year plan."

The strategy will result in the trust reconfiguring in an attempt to reduce duplication of services between its two main hospital sites. A three month public consultation on the plans, which are currently being finalised, is expected to take place in May.

Parts of the strategy will require public consultation. Not everything will be provided from both sites in future.

"For us 2012-13 is a big year," Mr Grayson said. "We've got to confirm what the plan is, we have to crack on and implement as much of that as we can and we have to consult on those aspects that require change."

He added that this year was also "about really reaping the dividends" of last year's merger with community services in order to manage whole patient pathways to reduce unnecessary admissions.

Surrey and Sussex Healthcare: state of play and next steps

The situation at Surrey and Sussex Healthcare Trust is also both difficult and very much about transition.

The trust has one main site with an accident and emergency unit, East Surrey Hospital in Redhill, since the downgrading of its other site at Crawley Hospital in 2005. It borders two health economies and is half commissioned by NHS Sussex and half by NHS Surrey.

The trust's TFA, signed in September, warned it had a "history of weak financial results" and was "not clinically or financially viable in its current form".

The trust has suffered from very high demand on its A&E services, which in turn had reduced capacity available for elective work. It forecast a £6.1m deficit for the last financial year.

As a result, the TFA said the trust would seek sustainability via individual or multiple strategic partnerships with other organisations – implying a merger was highly likely. It set a date of 1 April 2013 to submit plans to the DH transaction board for approval of any such partnership.

However, the situation has changed over the last six months. Investment worth £14m has been agreed by the trust and commissioners to improve facilities, including making the emergency department 30 per cent bigger and building two 20-bed modular wards that can take emergency admissions.

It announced at the end of last month that the trust's TFA board – comprising members from the trust, local commissioners and the strategic health authority – had agreed a two year plan for SASH to "pursue becoming a foundation trust", which was also endorsed by trust's board.

It will require the trust to make savings of £10m during the current financial year and elective activity will need to replace some non-elective activity – commissioners plan a 15 per cent reduction in A&E admissions.

Further details of the plan have not yet been made public but HSJ understands more information will be made available in June, once it has been given the okay by the DH.

Paul Simpson, chief financial officer, said in a statement that the plan "sets out our intention to stay as a standalone organisation".

Instead of a strategic partnership, he said the trust would seek "a range of significant partnership

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arrangements", like that already in place for cancer services with the Royal Surrey County Hospital FT.

Board papers from March reinforced this position, stating: "The journey to FT will be as a standalone trust with rebalanced elective and non-elective activity, greater productivity, a reduced cost base and specific partnerships rather than in a new organisational form driven by strategic partnerships."

One local source described the trust's situation as a "complex picture", adding: "I don't think they'll want to reconfigure but thy will look to work closely with partners."

However, a senior source told HSJ they felt Surrey and Sussex was the "most straightforward" case of the four and was "well on the road to recovery".

"They were just wrong sized for what was being asked of them. The balance of work going through them was way too heavily emergency based," the source said. "It's going to be another two years before they are ready to stand on their own feet."

The verdict

Overall, the view at the moment seems positive, reinforced by the knowledge that some significant organisational changes are set for approval over the next 12 months. Success in their implementation will be pivotal.

There are also positive moves in the wider health economy, with all NHS organisations and emerging clinical commissioning groups working together to develop an overarching strategy called Sussex Together.

Its overriding purpose is to make the health economy financially sustainable through the development of more partnerships and networks, but also has the achievement of TFAs and CCG authorisation in mind.

However, the situation could be complicated by a number of factors on top those already discussed.

Firstly, there are leadership changes to deal with. As well as the loss of Mr Selbie from Brighton, NHS Sussex chair Denise Harker also left her post at the start of April.

It was announced that the cluster would be sharing NHS Surrey chair David Clayton-Smith for the final 12 months of PCT existence – meaning he will have to try and share his time effectively across an area covering three counties with 2.3 million people.

One issue highlighted to HSJ is the need for Sussex Community Trust to be as successful as possible. The community provider is viewed as a vital bridge in helping reduce admissions and readmissions in an area with a large older population.

But emerging CCGs are already understood to have raised concerns. One senior source said: "There is a little bit of a disconnect in terms of partners' perceptions of the delivery of the community trust and the community trust's perceptions of its own performance."

However, the main factor affecting whether the four trusts are successful in achieving FT status on their planned trajectories could be out of their control.

The simple fact that three of the four do not plan to be ready to submit applications until 2013 means they are set to hit a log jam of other non FTs from around the country entering the process late.

In its business plan for 2013-14, Monitor noted that in the past year just five applicants came forward and at the end of December 2011 there were still 112 non-foundation trusts.

Overall those in the health economy seem confident the acutes can make it to FT status without major structural change, but are acutely aware of the challenges each of them face. There is a general realisation that the whole health economy must work together for each organisation to succeed.

However, Sussex may have to wait a bit longer than planned to become an all FT health economy due to its legacy of financial problems having already caused it to be late to enter the pipeline.