

TFA Document



Supporting all NHS Trusts to achieve NHS Foundation Trust status by April 2014

Tripartite Formal Agreement between:

- Scarborough and North East Yorkshire NHS Trust / York Teaching Hospital NHS Foundation Trust
- NHS Yorkshire & the Humber
- Department of Health

Introduction

This tripartite formal agreement (TFA) confirms the commitments being made by the NHS Trust, their Strategic Health Authority (SHA) and the Department of Health (DH) that will enable achievement of NHS Foundation Trust (FT) status before April 2014.

Specifically the TFA confirms the date (Part 1 of the agreement) when the NHS Trust will submit their “FT ready” application to DH to begin their formal assessment towards achievement of FT status.

The organisations signing up to this agreement are confirming their commitment to the actions required by signing in part 2a. The signatories for each organisation are as follows:

NHS Trust – Chief Executive Officer
SHA – Chief Executive Officer
DH – Ian Dalton, Managing Director of Provider Development

Prior to signing, NHS Trust CEOs should have discussed the proposed application date with their Board to confirm support.

In addition the lead commissioner for the Trust will sign to agree support of the process and timescales set out in the agreement.

The information provided in this agreement does not replace the SHA assurance processes that underpin the development of FT applicants. The agreed actions of all

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SHAs will be taken over by the National Health Service Trust Development Authority (NTDA)¹ when that takes over the SHA provider development functions.

The objective of the TFA is to identify the key strategic and operational issues facing each NHS Trust (Part 4) and the actions required at local, regional and national level to address these (Parts 5, 6 and 7).

Part 8 of the agreement covers the key milestones that will need to be achieved to enable the FT application to be submitted to the date set out in part 1 of the agreement.

Standards required to achieve FT status

The establishment of a TFA for each NHS Trust does not change, or reduce in any way, the requirements needed to achieve FT status.

That is, the same exacting standards around quality of services, governance and finance will continue to need to be met, at all stages of the process, to achieve FT status. The purpose of the TFA for each NHS Trust is to provide clarity and focus on the issues to be addressed to meet the standards required to achieve FT status. The TFA should align with the local QIPP agenda.

Alongside development activities being undertaken to take forward each NHS Trust to FT status by April 2014, the quality of services will be further strengthened. Achieving FT status and delivering quality services are mutually supportive. The Department of Health is improving its assessment of quality. Monitor has also been reviewing its measurement of quality in their assessment and governance risk ratings. To remove any focus from quality healthcare provision in this interim period would completely undermine the wider objectives of all NHS Trusts achieving FT status, to establish autonomous and sustainable providers best equipped and enabled to provide the best quality services for patients.

¹ NTDA previously known as the Provider Development Authority – the name change is proposed to better reflect their role with NHS Trusts only.

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Part 1 - Date when NHS foundation trust application will be submitted to Department of Health


Acquisition by York Teaching
Hospital NHS FT completes April
2012


Part 2a - Signatories to agreements


By signing this agreement the following signatories are formally confirming:


- their agreement with the issues identified;
- their agreement with the actions and milestones detailed to support achievement of the date identified in part 1;
- their agreement with the obligations they, and the other signatories, are committing to;

as covered in this agreement.

Patrick Crowley, CEO, York Teaching Hospital NHS FT	Signature  Date: 23/9/11
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Mike Proctor, Acting CEO, Scarborough & North East Yorkshire Hospitals NHS Trust	Signature  Date: 23/9/11
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Bill McCarthy, CEO, NHS Yorkshire & the Humber	Signature  Date: 23/9/11:
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Ian Dalton, Managing Director of Provider Development, DH	 Signature Date: 27/09/2011
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Part 2b – Commissioner agreement

In signing, the lead commissioner for the Trust is agreeing to support the process and timescales set out in the agreement.

Jayne Brown, CEO NHS North Yorkshire & York	 Signature Date: 23/09/11
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Part 3 – NHS Trust summary

Short summary of services provided, geographical/demographical information, main commissioners and organisation history.

Required information

Current CQC registration (and any conditions):

Full registration – unconditional

Financial data

	2009/10 (£'000s)	2010/11 (£'000s)
Total income	118.1	120.6
EBITDA	8.6	7.1%
Operating surplus/deficit	1.9	1.9
CIP target	5.8	4.5
CIP achieved recurrent (FYE)	1.7	3.8
CIP achieved non-recurrent	0	0

The NHS Trust's main commissioners:

NHS North Yorkshire & York

Summary of PFI schemes (if material):

Not applicable

Trust Summary

SNEY NHS Trust delivers district general hospitals services in Scarborough including a 24 hour accident and emergency service; ICU services; in patient paediatric services and a full maternity service including Special Care baby Unit. Bridlington Hospital located 20 miles south, also forms part of the Trust and provides a more limited range of services. The Trust has an annual turn-over of approximately £120m and a staff compliment of 2,100 wte.

The Trust serves a resident population of approximately 225,000 people over a large geographical area across the north east coast of Yorkshire. The area served is popular with tourists significantly increasing catchment population for much of the year. The nearest large acute hospitals are Hull & East Yorkshire Hospitals Trust (42 miles); South Tees Hospital Trust (46 miles) and York Hospital (40 miles)

The deficit is covered by an annual subsidy above tariff due to the rural nature of the patch and activity levels in some specialities.

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Part 4 – Key issues to be addressed by NHS trust

Key issues affecting NHS Trust achieving FT	
Strategic and local health economy issues Service reconfigurations Site reconfigurations and closures Integration of community services Not clinically or financially viable in current form Local health economy sustainability issues Contracting arrangements	<input type="checkbox"/> <input type="checkbox"/> <input checked="" type="checkbox"/> <input checked="" type="checkbox"/> <input checked="" type="checkbox"/> <input type="checkbox"/>
Financial Current financial Position Level of efficiencies PFI plans and affordability Other Capital Plans and Estate issues Loan Debt Working Capital and Liquidity	<input checked="" type="checkbox"/> <input checked="" type="checkbox"/> <input checked="" type="checkbox"/> <input checked="" type="checkbox"/> <input type="checkbox"/> <input checked="" type="checkbox"/>
Quality and Performance QIPP Quality and clinical governance issues Service performance issues	<input type="checkbox"/> <input type="checkbox"/> <input checked="" type="checkbox"/>
Governance and Leadership Board capacity and capability, and non-executive support	<input type="checkbox"/>
<p>Please provide any further relevant local information in relation to the key issues to be addressed by the NHS Trust:</p> <p>The SHA has been engaged with the local health economy and has sought to bring key partners to the table with a view to determining a future for SNEY and its services. Discussions have included the relevant local commissioners, Chairs and Chief Executives of neighbouring Acute Trusts, SHA representatives and Chair and Chief Executive of SNEY. SNEY's Board took a decision to invite York Teaching Hospital NHS Foundation Trust to enter discussions about acquiring SNEY's services, given no stand alone solution could be found that would allow the Trust to achieve FT authorisation.</p> <p>Challenges which the acquisition will need to address include:</p> <ul style="list-style-type: none"> • The requirement to retain clinically appropriate services in Scarborough and associated sites where the Trust provides care and treatment. • Concerns from staff in relation to job losses. • Clinical and public opinion, fearing loss of clinical services. • An annual subsidy above tariff due to the rural nature of the patch and activity levels in some specialities • Construction of a financial plan that will satisfy requirements for acquiring FT to maintain acceptable Monitor risk rating supporting the acquisition. • Satisfy CCP requirements re competition balanced against greater benefit • Solution needs to fit with NHS North Yorkshire & York strategic review outcomes <p>Quality & Clinical Governance.</p> <p>Whilst SNEY has unconditional registration with CQC and is compliant with all outcomes at the Scarborough site, there is a moderate concern in relation to care planning at Bridlington.</p>	

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Service Performance.

The Trust has a challenge in meeting the RTT (admitted patients) for 18 weeks in 2 specialties in particular, (Orthopaedics and Maxillo- facial)

Part 5 – NHS Trust actions required

Key actions to be taken by NHS Trust to support delivery of date in part 1 of agreement

Strategic and local health economy issues	
Integration of community services	<input type="checkbox"/>
Financial	
Current financial position	<input checked="" type="checkbox"/>
CIPs	<input checked="" type="checkbox"/>
Other capital and estate Plans	<input checked="" type="checkbox"/>
Quality and Performance	
Local / regional QIPP	<input checked="" type="checkbox"/>
Service Performance	<input checked="" type="checkbox"/>
Quality and clinical governance	<input checked="" type="checkbox"/>
Governance and Leadership	
Board Development	<input type="checkbox"/>
Other key actions to be taken (please provide detail below)	<input checked="" type="checkbox"/>

Describe what actions the Board is taking to assure themselves that they are maintaining and improving quality of care for patients.

The Trust Board has an agreed Quality Improvement Strategy. This includes quality measures identified through joint work with stakeholders for the Quality Account and regularly reviewed by the Board.

As the acquisition planning proceeds, the Trust is benefitting from access to and collaboration with the quality governance processes at York FT. The acquisition will benefit quality improvement across each organisation, expanding clinical teams and broadening the scope for benchmarking.

Progress has already been made to deliver the acquisition process. The Boards of York Teaching Hospital NHS FT and SNEY NHS Trust have agreed programme governance arrangements to ensure the development of the various work streams to deliver:

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- A due diligence and acquisition evaluation process to identify all issues needing resolution in order to deliver a single Foundation Trust organisation incorporating all acute and community services
- A smooth and appropriate integration of clinical and non-clinical services across the Trusts
- The legal requirements of Monitor and the Co-Operation and Competition Panel with regard to the acquisition
- Assurance to all stakeholders that the appropriate rigour and consideration has been given to the prospect of acquisition and introduction of one Trust
- Assurance to the Council of Governors and members of the Trust
- Assurance to the communities that the new trust will provide suitable and appropriate services in the geographic areas.
- A newly established Trust with a common system of clinical and non-clinical governance and performance management.

Service Performance - A plan in place to address the 18 week RTT (admitted patients) backlog by October 2011.

Estate - The Trust has completed a 6 facet survey and has identified the level of investment required to address the significant backlog maintenance issues; Circa £18m. The Trust estate strategy sets out options for investment in new build as an alternative to spend on backlog.

CIP's - The Trust has a mixed history in relation to delivering CIP's. The CIP target for 2011/12 is 6,632K. Achievement at month 5: 1,198K non recurrent (2011/12 impact) 1,377k recurrent (2011/12 impact).

The Trust has strengthened its processes by adopting the performance framework used effectively by York FT and is supported by the Efficiency and Productivity Lead from York FT.

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Part 6 – SHA actions required

Key actions to be taken by SHA to support delivery of date in part 1 of agreement	
Strategic and local health economy issues	
Local health economy sustainability issues (including reconfigurations)	<input checked="" type="checkbox"/>
Contracting arrangements	<input type="checkbox"/>
Transforming Community Services	<input type="checkbox"/>
Financial	
CIPs\efficiency	<input checked="" type="checkbox"/>
Quality and Performance	
Regional and local QIPP	<input type="checkbox"/>
Quality and clinical governance	<input type="checkbox"/>
Service Performance	<input type="checkbox"/>
Governance and Leadership	
Board development activities	<input type="checkbox"/>
Other key actions to be taken (please provide detail below)	<input checked="" type="checkbox"/>

Strategic Review

A review of services across North Yorkshire has been commissioned by the SHA which has 3 purposes;

- (i) to agree and implement a planned approach to balance NHS budgets in the area rather than rely on an annual cycle;
- (ii) to secure expert advice on whether the available funding for the NHS in NY&Y is being spent in a way which maximises outcomes for patients and communities; and value for the taxpayer; and,
- (iii) to identify options for future commissioning strategies and service configuration

The review was published in August 2011 and the SHA is working with the PCT Cluster to develop an approach to implementation.

SNEY Financial issues

In the period since 2008/09 the Trust has been repaying the working capital loan (ends 2011/12). This has been with the financial support of the main commissioning PCT's, and the SHA. The Trust medium term plan assumes continuing financial support at this level whilst service change in conjunction with the PCT was undertaken, to change how services are provided at Scarborough, and reduce specialisation and costs.

Due diligence, coupled with longer term service provision review, will identify the extent to which the continuation of the annual subsidy or any tariff premium necessary going forward. The SHA will broker an agreement between themselves, the York FT NHS, commissioners and the DH to resolve this issue.

As SNEY follows it's trajectory to acquisition by York FT NHS Yorkshire & the Humber will continue to manage Clinical and Financial Performance, Quality, Clinical Governance and Risk Assurance to ensure delivery of the required standards.

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Part 7 – Supporting activities led by DH

Actions led by DH to support delivery of date in part 1 of agreement	
Strategic and local health economy issues	
Alternative organisational form options	<input type="checkbox"/>
Financial	
NHS Trusts with debt	<input type="checkbox"/>
Short/medium term liquidity issues	<input checked="" type="checkbox"/>
Current/future PFI schemes	<input type="checkbox"/>
National QIPP workstreams	<input type="checkbox"/>
Governance and Leadership	
Board development activities	<input type="checkbox"/>
Other key actions to be taken (please provide detail below)	<input checked="" type="checkbox"/>
<p>Please provide any further relevant local information in relation to the key actions to be taken by DH with an identified lead and delivery dates:</p> <p>A brokered solution on the annual subsidy currently received by SNEY is being negotiated locally. The agreement will need sign off by the DH to ensure continuity beyond the period of transition in commissioning responsibilities and abolition of the SHA.</p> <p>Work with the CCP in understanding the local health economy; the rural nature; smaller than usual patient catchment base but need for critical range of clinical services to be available locally.</p> <p>Ratification of the acquisition by the Transactions Board by March 2012.</p>	

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Part 8 – Key milestones towards achievement of date agreed in part 1

Date	Milestone
July 2011	Review of Q1 Quality, Service and Financial performance Due Diligence Report received by YFT Boards Benefits case agreed by SNEYHT and YFT Boards Benefits case submitted to CCP end of July 2011
September 2011	CCP conducts pre acceptance assessment
October 2011	Resource support agreed to secure sustainable financial performance in medium/longer term Phase 1 CCP process commences IBP & LTFM completed and approved by SNEYHT and YFT Boards SNEYHT confirm decision to proceed Submission to Monitor
November 2011	IBP to SHA Board, including quality assurance framework
December 2011	CCP Phase 1 report SHA Board approval – conditional on Monitor risk rating Transaction Board submission – seek support conditional on Monitor Risk Rating
January 2012	Monitor Risk Rating received Transaction Board – Confirmation of support
February 2012	Monitor Board to Board YFT Board confirm decision to proceed DH commence dissolution process
<u>April 2012</u>	<u>Merger/Acquisition completes</u>
<u>ALTERNATIVE SCENARIO</u> [Contingency should CCP assessment extend to Phase 2]	
January 2012	CCP Phase 2 commences
April 2012	CCP Phase 2 report Monitor Risk Rating received Transaction Board – Confirmation of support
May 2012	Monitor Board to Board YFT Board confirm decision to proceed DH commence dissolution process
<u>June 2012</u>	<u>Merger/Acquisition completes</u>
<p>Describe what actions/sanctions the SHA will take where a milestone is likely to be, or has been missed.</p> <p>NHS Yorkshire and the Humber will be informed at the earliest opportunity of any potential for a milestone to be delayed or missed.</p> <p>The SHA will arrange an urgent meeting with the trust to understand the position, assess the risk, and agree the remedial action necessary to avoid or minimise any delay.</p> <p>In the unlikely event a delay is absolutely unavoidable the remaining milestones will be reviewed, with key events brought forward as necessary, to secure delivery of the FT application for the agreed DH submission date.</p>	

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Key Milestones will be reviewed every quarter, so ideally milestones may be timed to quarter ends, but not if that is going to cause new problems. The milestones agreed in the above table will be monitored by senior DH and SHA leaders until the NTDA takes over formal responsibility for this delivery. Progress against the milestones agreed will be monitored and managed at least quarterly, and more frequent where necessary as determined by the SHA (or NTDA subsequently). Where milestones are not achieved, the existing SHA escalation processes will be used to performance manage the agreement. (This responsibility will transfer to the NTDA once it is established)

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Part 9 – Key risks to delivery

Risk	Mitigation including named lead
Benefits case does not demonstrate positive change	<ul style="list-style-type: none"> • SHA providing leadership to Trusts on developing Benefits Case • Clinical Service Strategy identifies opportunity potential to improve sub-specialisation for both SNEY & YHFT • Financial position will be improved through acquisition • Performance management & clinical governance will be furthered strengthened <p style="text-align: right;">Director of Strategy (SNEY/YFT)</p>
Phase 1 & 2 assessment required by CCP leading to a delay in final report and further risk of not supporting the acquisition on grounds of restricting competition	<ul style="list-style-type: none"> • SHA provide support to Trusts on CCP submission • Consider context of the North Yorkshire and York Independent Review, and its influence on commissioning strategies for competition and choice • DH support in gaining understanding of local health economy with CCP <p style="text-align: right;">Director of Strategy (SNEY/YFT) Director of Provider Development (NHS Y&H)</p>
Agreement on future of financial subsidy to SNEY not reached.	<ul style="list-style-type: none"> • Appropriate level of financial support to be agreed through transitional period (5 years) and beyond, where necessary. • Negotiations between Trusts, PCT & Clinical Commissioners, the DH and SHA <p style="text-align: right;">Director of Finance (NHS Y&H)</p>
Staff engagement – lack of engagement & agreeing service delivery models	<ul style="list-style-type: none"> • Formal engagement with Professional bodies And trade unions through Staff Partnership Forum to engage in planning and share early knowledge of developments • SHA provide advice and support to Trusts on staff engagement and consultation related to appropriate service model and organisational form journey • Work jointly with Trade Unions to support Staff knowledge and awareness and formal engagement and consultation <p style="text-align: right;">Director of Strategy (SNEY/YFT)</p>
Commissioner Strategy – services delivery model and location – balance of productivity and access	<ul style="list-style-type: none"> • SHA & DH Assurance Tests will be applied to all proposal – should identify key risk areas • Use of Service Specifications to continue to drive contracting process for services • Strengthen Commissioning and contracting process to implement firm contractual arrangements to secure services • Incentivise Innovation engaging all Clinical Services in both Trusts to improve services • Ensure SNEY engaged in “Productive Series” initiative; SHA provide further innovation support as appropriate <p style="text-align: right;">Director of Strategy (SNEY/YFT)</p>
Monitor review significantly impacts adversely on risk ratings	<ul style="list-style-type: none"> • Historic Due Diligence process – scale and scope of due diligence • Firm financial model supported by LHE agreement on subsidy. <p style="text-align: right;">Director of Finance (YFT)</p>