

TFA document



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

Tripartite Formal Agreement between:

- University Hospitals of Leicester NHS Trust
- NHS East Midlands
- 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 SHAs will be taken over by the National Health Service Trust Development Authority (NTDA)¹ when it 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.

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


1st October 2011

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.

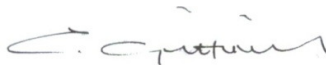
Malcolm Lowe-Lauri, Chief Executive, University hospitals of Leicester	Signature  Date: 31 March 2011
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Kevin Orford, Chief Executive, East Midlands Strategic Health Authority	Signature  Date: 31 March 2011
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Ian Dalton, Managing Director for Provider Development , Department of Health	Signature  Date: 6 July 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.

Catherine Griffiths, Chief Executive, Leicester City and Leicestershire County and Rutland Cluster.	Signature  Date: 31 March 2011
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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):

Registered without conditions.

Financial data (figures for 2010/11 should to be based on latest forecast)

	2009/10 £m	2010/11 £m
Total income	697.7	696.3
EBITDA	41.3	44.1
Operating surplus\deficit	0.1	1.0
CIP target	25.0	30.5
CIP achieved recurrent	17.9	23.6
CIP achieved non-recurrent	4.7	7.6

The NHS Trust's main commissioners

UHL's services are primarily commissioned by the two local PCT's, i.e. Leicester City and Leicestershire County and Rutland PCT's, and the East Midlands Specialised Commissioning Group.

Summary of PFI schemes (if material)

None.

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 type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input checked="" 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 type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input 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"/>
Please provide any further relevant local information in relation to the key issues to be addressed by the NHS Trust:	
<ul style="list-style-type: none"> Strategic and local health economy issues: Contracting arrangements Issue: Migrating to a fully PbR contract Summary: Historically, a number of UHL's Acute contract terms have been unique and non standard. Significant progress has been made as part of the 2011/12 contracting round to re-negotiate the agreement with the result that most aspects of the contract are now PbR compliant. Some marginal pricing terms remain in the contract to incentivise both commissioners and providers and help ensure that activity that is affordable to the health economy. Financial: Working Capital and Liquidity Issue: Achieving a Financial Risk Rating (FRR) of 3 or more. Summary: The PwC review confirmed that the Trust's current balance sheet position is unable to sustain a liquidity rating of 3, as defined by the Monitor FRR criteria. A liquidity rating of 2 (in the downside case) is essential for a successful application. Quality and Performance: Service performance issues Issue: LLR Urgent and Emergency Care System. Summary: Fragmented LLR urgent and emergency care system, requiring transformation at workforce, pathway and footprint level across all partner organisations to secure delivery of all emergency requirements. 	

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 type="checkbox"/>
CIPs	<input type="checkbox"/>
Other capital and estate Plans	<input type="checkbox"/>
Quality and Performance Local / regional QIPP	<input type="checkbox"/>
Service Performance	<input checked="" type="checkbox"/>
Quality and clinical governance	<input type="checkbox"/>
Governance and Leadership Board Development	<input type="checkbox"/>
Other key actions to be taken (please provide detail below)	<input checked="" type="checkbox"/>
<p>Describe what actions the Board is taking to assure themselves that they are maintaining and improving quality of care for patients.</p> <p>Through the implementation and monitoring of the Trust's Quality Strategy, which was approved by the Trust Board in June 2011..</p> <p>Please provide any further relevant local information in relation to the key actions to be taken by the NHS Trust with an identified lead and delivery dates:</p> <ul style="list-style-type: none"> Strategic and local health economy issues: Contracting arrangements Issue: Migrating to a fully PbR contract Action: Continuing to remove bespoke terms from the Acute contract and move to a fully PbR-compliant agreement. Lead: Director of Finance & Procurement. Delivery dates: Progression through 2011/12 and 2012/13 contracting rounds. Financial: Working Capital and Liquidity Issue: Achieving a FRR of 3 or more. Action: Internal Liquidity Plan developed / being implemented. The SHA, PCT Cluster and UHL will work together to sign off a liquidity plan for completion before the FT submission date. Lead: Director of Finance & Procurement. Delivery dates: The internal Liquidity Plan includes short to medium term actions ranging from 6 months to 1 year for completion. Quality and Performance: Service performance issues Issue: LLR Urgent and Emergency Care System. Action: LLR Emergency Care Transformation plan developed / being implemented by all agencies (PCT Cluster, GP Consortia, GPs, EMAS, & Local Authorities). Lead: UHL Lead, Chief Operating Officer/Chief Nurse. Delivery dates: The Transformation Plan includes short, medium and long term actions across all agencies ranging from 6 months to 2 years for completion. 	

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 type="checkbox"/>
Contracting arrangements	<input type="checkbox"/>
Transforming Community Services	<input type="checkbox"/>
Financial	
CIPs\efficiency	<input 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 type="checkbox"/>
<p>Please provide any further relevant local information in relation to the key actions to be taken by the SHA with an identified lead and delivery dates.</p> <p>The SHA recognises the need to both support and hold to account Trusts and, where appropriate, PCTs for the delivery of both the high level, and more granular milestones and timelines agreed in this document</p>	

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 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 type="checkbox"/>
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:	

Part 8 – Key milestones to achieve actions identified in parts 5 and 6 to achieve date agreed in part 1

Date	Milestone
31 st March 2011 (done) and 31/3/2012 re 12/13 contract	Migration to full PbR contract – whilst significant progress has been made in the 2011/12 contracting round, some residual issues remain for resolution in 2012/13 UHL Lead: Director of Finance and Procurement
30 th September 2011	The SHA, PCT Cluster and UHL will work together to sign off a liquidity plan for completion before the FT submission date in September. UHL Lead: Director of Finance and Procurement
1 November 2011	Reconfiguration of UHL emergency care workforce inc ED. UHL Lead: Chief Operating Officer/Chief Nurse
1 st July 2011	Agree UHL ED Footprint Business Case UHL Lead: Chief Operating Officer/Chief Nurse
4th August 2011	IBP/LFTM iteration for HDD part 2 UHL Lead: Director of Strategy
4th st August 2011	HDD Part 2 commences UHL Lead: Director of Strategy
1st September 2011	Trust Board Approval of final LTFM and IBP UHL Lead: Director of Strategy
15 th September 2011	SHA Board approval UHL Lead: SHA Director of Provider delivery
<p>Provide detail of what the milestones will achieve/solve where this is not immediately obvious. For example, Resolves underlying financial problems – explain what the issue is, the proposed solution and persons/organisations responsible for delivery.</p> <p>Describe what actions/sanctions the SHA will take where a milestone is likely to be, or has been missed.</p> <p>The SHA will apply its existing escalation policy for the delivery of the timeline detailed in this document.</p>	

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 formally has the authority)

Part 9 – Key risks to delivery

Risk	Mitigation including named lead
Failure to migrate to a fully PbR contract.	<p>Mitigation: Continuing to remove bespoke terms from the Acute contract and move to a fully PbR-compliant agreement.</p> <p>UHL Lead: Director of Finance and Procurement</p>
Failure to improve the Trust's liquidity rating and achieve a FRR of 3 or more.	<p>Mitigation: The PwC review in March 2011 confirmed a liquidity challenge. Discussions are under way between UHL and the PCT cluster to release cash from the LLR Health Economy, with a mechanism to be determined.</p> <p>The SHA, PCT Cluster and UHL will work together to sign off a liquidity plan for completion before the FT submission date.</p> <p>UHL Lead: Director of Finance and Procurement</p>
Failure to improve / maintain improvement in ED performance.	<p>Mitigation: LLR Emergency Care Transformation plan developed / being implemented.</p> <p>UHL Lead: Chief Operating Officer/Chief Nurse.</p>