



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

Tripartite Formal Agreement between:

- Dartford & Gravesham NHS Trust
- NHS South East Coast
- 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 information provided in this agreement does not replace the SHA assurance processes that underpin the development of FT applicants. In the future, the agreed actions assigned to SHAs will be taken over by the National Health Service Trust Development Authority (NTDA).

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.

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

August 2012
The proposed route to FT status is via a merger with an existing FT (via an acquisition). This process will require a range of approvals, including from the Department of Health, but both Trusts plan to integrate by August 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.

Susan Acott, Chief Executive, Dartford & Gravesham NHS Trust	Signature  Date: 26 th September 2011
Candy Morris, Chief Executive, NHS South East Coast	Signature  Date: 27 th September 2011
Ian Dalton, Managing Director of Provider Development, Department of Health	Signature  Date: 30 th September 2011

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.

Ann Sutton, Chief Executive, NHS Kent and Medway (PCT Cluster)	Signature  Date: 27 th September 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):

The Trust is registered without conditions with the Care Quality Commission.

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

	2009/10	2010/11
Total income	£141.9m	£157.2m
EBITDA	£16.3m	£17.8m
Operating surplus/deficit*	£115k	£206k
CIP target	£5.6m	£9.3m
CIP achieved recurrent	£3.8m	£8.7m
CIP achieved non-recurrent	£1.8m	£0.6m

The surplus achieved in 2010/11 was the fourth successive year of surplus.

* This is after technical adjustments e.g. IFRIC, impairments but no normalising adjustments.

The NHS Trust's main commissioners

- The Trust's main commissioner is NHS West Kent (which will cluster with other PCTs in Kent and Medway from April 2011), but has, in recent years seen increasing activity being commissioned from Bexley Care Trust (PCT), as a result of the service reconfigurations in South East London. This has been underlined by the recent closures of A&E and maternity services at the neighbouring Queen Mary's Hospital in Sidcup.

Summary of PFI schemes (if material)

- The hospital building is run as part of a Private Finance Initiative (PFI) arrangement (the first NHS PFI contract for a new hospital)
- The building is owned by The Hospital Company (Dartford) Limited (THC), and is leased to the Trust. Facilities and estates services, including portering, domestic cleaning, and security, are provided by Carillion Health, via a sub-contract with THC. Operational services commenced in September 2000, and the contract term is 67 years (but the Trust has an option to terminate after 32 years and every 5 years thereafter). The scheme was refinanced in 2003
- The total charged in 2009/10 to expenditure in respect of the PFI contract and the service element was £12.59m (in 2008/9 this was £11.97m).
- The Trust has considered HM Treasury guidance ('Making savings in operational PFI contracts'), and is strengthening its in-house Estates and Contracting team as a result.

Further information

- Dartford & Gravesham NHS Trust was established in 1993, and is a small acute hospital Trust offering services from Darent Valley Hospital in Dartford, Kent.
- The hospital opened in September 2000, and has excellent road and rail links, being 0.5 miles from the M25/M2 interchange.
- The Trust offers a comprehensive range of acute hospital based services to a growing population of around 270,000 people in Dartford, Gravesham, Swanley and Bexley.
- The hospital has 478 inpatient beds and specialties that include day-care surgery, general surgery, trauma, orthopaedics, cardiology, maternity and general medicine.

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	<input type="checkbox"/>
Site reconfigurations and closures	<input type="checkbox"/>
Integration of community services	<input type="checkbox"/>
Not clinically or financially viable in current form	<input type="checkbox"/>
Local health economy sustainability issues	<input checked="" type="checkbox"/>
Contracting arrangements	<input type="checkbox"/>
Financial	
Current financial Position	<input type="checkbox"/>
Level of efficiencies	<input type="checkbox"/>
PFI plans and affordability	<input checked="" type="checkbox"/>
Other Capital Plans and Estate issues	<input type="checkbox"/>
Loan Debt	<input type="checkbox"/>
Working Capital and Liquidity	<input type="checkbox"/>
Quality and Performance	
QIPP	<input type="checkbox"/>
Quality and clinical governance issues	<input type="checkbox"/>
Service performance issues	<input 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> <ul style="list-style-type: none"> ▪ Dartford & Gravesham NHS Trust has previously applied to be a Foundation Trust (FT), reaching phase 3 of the process, and participating in a Board to Board meeting with Monitor in September 2008. ▪ The Trust was deferred for an initial 6-month period to address the issues raised by Monitor (primarily, delivery of the Trust's CIP programme in 2008/9). ▪ Having addressed these issues, the Trust reactivated its application in September 2009, and updated its Long Term Financial Model (LTFM) accordingly, along with full participation in Monitor's review. ▪ However, the NHS Operating Framework for England for 2010/11 posed some key challenges to the Trust, particularly in relation to marginal payment for emergency activity, and 0% increase in tariff. ▪ The Trust's plans to meet these challenges were viable, but given the large proportion of fixed costs relating to the PFI arrangement, these plans left little flexibility to deal with certain 'downside' scenarios. Under such scenarios, the financial metrics for the Trust did not meet the minimum required for an FT. ▪ In this context the Board recognised that the financial case for becoming an FT was no longer viable and in January 2010, the Trust Board agreed to withdraw the application. ▪ Since that time, the Trust has re-explored solutions in relation to reducing the fixed cost burden of the PFI arrangement, referencing HM Treasury guidance. However, in the absence of any viable solution, the Trust recognised that a partnership with another Trust provides the best option of ensuring the long-term viability of the Trust's services, and in ensuring that it met the requirement to be, or be part of, an FT, by April 2014. 	

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 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><u>Describe what actions the Board is taking to assure themselves that they are maintaining and improving quality of care for patients.</u></p> <ul style="list-style-type: none"> ▪ 'Quality' is always the first section on the agenda of Board meetings, and certain issues (infection prevention & control; complaints & serious incidents requiring investigation) are discussed at each Board meeting. ▪ Matrons report in person to the Board quarterly on a range of issues ▪ Quality metrics are included in the monthly Performance Report, including mortality, patient falls, stroke care, midwife to birth ratio, and readmission rate. ▪ Patient survey findings are reported regularly to the Trust Board ▪ The Board is now receiving monthly progress reports on the action being taken to achieve Level 2 on the NHSLA risk management standards assessment ▪ Ad-hoc reports on quality issues are received by the Board, such as responses to the independent inquiry into care provided by Mid Staffordshire NHS FT; and responses to other national reports, such as the Health Ombudsman's 'Care and Compassion' report. ▪ The Board's sub-committee, the Quality & Safety Committee (formerly Clinical Governance & Risk Committee), meets monthly to discuss quality issues in detail. The committee reports to the Trust Board each month. ▪ The Quality & Safety Committee has a range of specialist sub-committees which provide assurance that key issues are being managed, such as Resuscitation, Medicines Management, Transfusion and Infection Control. ▪ The Trust's Public Governors provide independent oversight and scrutiny on quality issues via the Patient Experience Committee, which meets every 2 months. <p><u>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:</u></p> <ul style="list-style-type: none"> ▪ The Trust is exploring formal integration with a Foundation Trust partner (Medway NHS Foundation Trust). ▪ Both Trusts have been undertaking collaboration on a range of clinical and non-clinical services over the past year, and both Trust Boards have approved a Memorandum of Understanding, which commits each Trust to explore the feasibility of formal integration via acquisition of Dartford & Gravesham NHS Trust by Medway NHS FT, leading to a 	

single FT managing two acute hospital sites.

- Both Trusts plan to integrate by August 2012 (subject to Board decisions on feasibility, in September 2011)
- The programme of work to establish the feasibility of integration is being overseen by the two Trust Chief Executives, who have established an Integration Feasibility Project Board (IFPB) with membership drawn from the Boards and Senior Management Teams of both Trusts (including both Chairman).
- A Project Director reports and is accountable to the two Chief Executives, and is a member of the IFPB.
- The IFPB meets monthly and is alternately chaired by the two Chairman. It also oversees plans for stakeholder engagement with the public, local authorities and other NHS partner organisations, and reports to both Trust Boards on a monthly basis.

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 checked="" type="checkbox"/>
<p><u>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.</u></p> <ul style="list-style-type: none"> ▪ SHA support and approval is required in relation to the formal integration with Medway NHS Foundation Trust. ▪ The proposed transaction for formal integration is the acquisition of Dartford & Gravesham NHS Trust by Medway NHS FT. This requires two specific transactions – an acquisition, as determined by Monitor’s ‘Risk Evaluation of Investment Decisions (REID)’ document, and a divestment, as determined by the NHS Transactions Manual. ▪ The divestment will lead to dissolution of Dartford & Gravesham NHS Trust, and NHS South East Coast are one of the key stakeholders in the transactions process. ▪ The SHA is contributing to the national work on PFI and will work with the Trust in resolving the outstanding PFI issues as a result of the national financial review 	

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 checked="" 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><u>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:</u></p> <ul style="list-style-type: none"> ▪ Department of Health support and approval is required in relation to the formal integration with Medway NHS Foundation Trust. ▪ The proposed transaction for formal integration is the acquisition of Dartford & Gravesham NHS Trust by Medway NHS FT. This requires two specific transactions – an acquisition, as determined by Monitor's 'Risk Evaluation of Investment Decisions (REID)' document, and a divestment, as determined by the NHS Transactions Manual. ▪ The divestment will lead to dissolution of Dartford & Gravesham NHS Trust, and the Department of Health are one of the key stakeholders in the transactions process, as the process is likely to require approvals from the Cooperation and Competition Panel for NHS Funded services, the NHS Transactions Board, the Secretary of State for Health and HM Treasury (as it is anticipated that the transaction will be considered to be 'novel'). ▪ A national financial review of Trusts with a PFI hospital is taking place to gain a common understanding of any issues that might be an obstacle to passing the financial elements of the FT assessment process. Some elements contained within the TFA will be subject to the outcome of this review in enabling any issues outlined in this agreement to be resolved. This will be confirmed on a case by case as the PFI work is completed and communicated 	

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

Date	Milestone
August 2012	Both Trusts plan to integrate by August 2012 (subject to Board decisions on feasibility, in September 2011)
	The Transactions processes will involve a series of milestones, in accordance with the requirements of Monitor's 'Risk Evaluation of Investment Decisions (REID)' document, and the NHS Transactions Manual. However, at this stage, it is not possible to provide any further detail against such milestones.
	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.
	Describe what actions\sanctions the SHA will take where a milestone is likely to be, or has been missed.

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. In the future, the agreed actions assigned to SHAs will be taken over by the National Health Service Trust Development Authority (NTDA). Where milestones are not achieved, the existing SHA escalation processes will be used to performance manage the agreement.

Part 9 – Key risks to delivery

Risk	Mitigation including named lead
The proposed integration proves not to be feasible in relation to the aim of achieving long-term financial viability of the Trust	The Trust Board will consider its options in relation to proceeding with the proposed integration, or exploring integration with another partner organisation. Named lead - Trust Chairman
The transaction steps and timescales prove to be more complex than indicated within the 'Risk Evaluation of Investment Decisions (REID)' and NHS Transactions Manual.	The Integration Feasibility Project Board (IFPB) will adopt a project management approach, and will ensure that regardless of the complexity of the steps involved, sufficient resources will be allocated to ensure such steps are met. Named lead - Transition Directors (2)
The transaction steps and timescales are threatened by the need to manage and deliver existing Trust services.	An agreement has been reached with the Trust's host PCT to enable 'backfill' cover for the Trust's Director of Operations, to enable them to operate as Project Director for the Trust. Additional support and expertise to the project has also been identified from existing staff resources (including from the Finance Department and the Trust Secretary) Named lead - Chief Executive
Significant external opposition to the proposed integration	A detailed programme of engagement will be overseen by the Integration Feasibility Project Board (IFPB), to ensure that all key stakeholders, and the public, are fully engaged throughout the process, and any concerns are properly addressed before and during the implementation of the proposed integration. Named lead - Transition Directors (2)