

## TFA document



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

#### *Tripartite Formal Agreement between:*

- Royal Liverpool and Broadgreen University Hospitals NHS Trust
- NHS North West
- 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)<sup>1</sup> 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.

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<sup>1</sup> 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**


**Application Submitted**

**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.

Tony Bell OBE, (CEO of NHS Trust)	Signature  Date: 25 <sup>th</sup> May 2011
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Mark Ogden, (CEO of SHA)	Signature  Date: 25 <sup>th</sup> May 2011
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Ian Dalton, Managing Director of Provider Development	Signature  Date: 2 <sup>nd</sup> September 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.

Derek Campbell,  
(CEO of Liverpool PCT)

Signature



Date: 25<sup>th</sup> May 2011

## 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 has unconditional CQC registration

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

	2009/10	2010/11
	£'000s	£'000s
Total income	401,461	422,274
EBITDA	29,320	28,098
Operating surplus/deficit (normalised)	4,021	4,238
CIP target	10,720	14,011
CIP achieved recurrent	10,720	14,011
CIP achieved non-recurrent	0	0

#### The NHS Trust's main commissioners:

2010/11 income sources: -

Clinical Income £326.9m, of which:

- Liverpool £201.6m (62%)
- Knowsley £21.4 (7%)
- Sefton £16.9m (5%)
- NW Specialised £38.7m (12%)
- Other £48.4m (15%)

Non Clinical Income £95.4m, of which:

- Education, training & Research £56.0m (59%)
- Non patient care services to other bodies £37.3m (39%)
- Other non clinical income £2.2m (2%)

#### Summary of PFI schemes (if material)

Royal Liverpool and Broadgreen University Hospitals NHS Trust (RLBUHT) is the university teaching hospital for Merseyside and Cheshire and the busiest hospital in North Mersey.

The Trust delivers specialist and general acute services to three quarters of a million people each year within a total catchment population of more than two million people in Merseyside, Cheshire, North Wales and the Isle of Man.

Hospital has 2 sites  
864 beds, 5,700 staff

The Trust is planning a PFI scheme to replace its current facilities on the Royal site. The Trust is currently in dialogue with 3 bidders. The scheme is planned to be completed in 2016/17 at a capital cost of around £400m. £230m of this will be funded from PFI finance and the unitary payment is projected to be around £30m which benchmarks well at around only 8% of turnover.

## Part 4 – Key issues to be addressed by NHS trust

Key issues affecting NHS Trust achieving FT	
<b>Strategic and local health economy issues</b> 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 type="checkbox"/>
<b>Financial</b> 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 checked="" type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>
<b>Quality and Performance</b> QIPP Quality and clinical governance issues Service performance issues	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>
<b>Governance and Leadership</b> 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 Liverpool Health economy is in good financial health – particularly when compared to many others around the country. The Trust works closely with its commissioners and has strong but robust relationships with them. This has resulted in good joint working to address the challenges that are faced both nationally and locally.</p> <p>The Trust has a history of achievement of both financial and operational targets and delivers high quality services.</p> <p>Substantial development around the leadership and strategic direction of the Trust over the last few years, coupled with significant improvement of governance processes has been key in the preparation for achieving Foundation Trust status.</p> <p>On this basis the Trust regards the only key issue that should be flagged is in respect of the planned PFI project, having had to address all other issues to the satisfaction of the SHA and DH to be able to reach the current stage of the process i.e. the Monitor assessment</p> <p>The Trust regards the PFI as affordable at c8% of turnover. However, it is clearly a key issue for the Trust to ensure that this position is maintained.</p>	

## Part 5 – NHS Trust actions required

Key actions to be taken by NHS Trust to support delivery of date in part 1 of agreement	
<b>Strategic and local health economy issues</b>	
Integration of community services	<input type="checkbox"/>
<b>Financial</b>	
Current financial position	<input type="checkbox"/>
CIPs	<input type="checkbox"/>
Other capital and estate Plans	<input type="checkbox"/>
<b>Quality and Performance</b>	
Local / regional QIPP	<input type="checkbox"/>
Service Performance	<input type="checkbox"/>
Quality and clinical governance	<input type="checkbox"/>
<b>Governance and Leadership</b>	
Board Development	<input type="checkbox"/>
Other key actions to be taken (please provide detail below)	<input type="checkbox"/>
<p><b>Describe what actions the Board is taking to assure themselves that they are maintaining and improving quality of care for patients.</b></p> <p>Quality remains the main driver for everything that the Trust does. Detailed quality indicators are regularly reported to the Board and any target achievement issues are promptly addressed with sustainable solutions which include reviews of systems and processes. The Trust has produced an advanced draft of its Quality Strategy which will go through the Board in June. The Quality Governance Board memorandum has been produced and is supported by substantial amounts of evidence around how the Trust will continue to maintain and improve its position against its key quality aims and objectives.</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>	

## Part 6 – SHA actions required

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



## Part 7 – Supporting activities led by DH

Actions led by DH to support delivery of date in part 1 of agreement	
<b>Strategic and local health economy issues</b> Alternative organisational form options	<input type="checkbox"/>
<b>Financial</b> 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"/>
<b>Governance and Leadership</b> 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
June 2011	Monitor Assessment
<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>	

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
Maintaining the affordability of the planned PFI project	<ol style="list-style-type: none"> <li>1) Robust CIP process</li> <li>2) Production of a downside scenario including a 5 year LTFM which demonstrates how the Trust remains sustainable in the absence of PFI funding</li> </ol> <p>Leads are CEO and FD</p>