

## TFA document



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

#### *Tripartite Formal Agreement between:*

- Royal Free Hampstead NHS Trust
- NHS London
- 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**

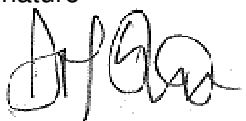
**1 August 2011**

**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.

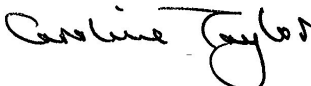
David Sloman, Chief Executive, Royal Free Hampstead NHS Trust	Signature  Date: 27 May 2011
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Ruth Carnall, Chief Executive, NHS London	Signature  Date: 27 May 2011
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Name, Job Title (Ian Dalton)	Signature  Date: 7 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.

Caroline Taylor Chief Executive NHS North Central London	Signature  Date: 27 May 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

Year	2009/10 £000's	2010/11* £000's
Total income	503,558	555,783
EBITDA	23,064	28,079
Operating surplus**	2,035	6,544
CIP target	44,800	25,800
CIP achieved recurrent	44,100	25,800
CIP achieved non-recurrent		

Source:DH FIMS

\*Unaudited figures

\*\*Excludes impairments/IFRS adjustments

The NHS Trust's main commissioners

The trust's main commissioner is NHS North Central London.

Summary of PFI schemes (if material)

The trust has no PFI schemes.

The Royal Free Hampstead NHS Trust is a teaching hospital organisation based in north London. It operates clinical networks in specialist services across north London, Hertfordshire and Bedfordshire. It sees about 750,000 patients each year from all over the world. The trust's most local population - those who live in the London boroughs of Barnet and Camden - is around 544,000.

The Royal Free offers an exceptionally wide range of services including all those to be expected in a large, local hospital and many specialist services, including cancer, HIV, immunology and cardiology. It is also a regional centre for kidney and liver diseases and a major transplant centre, specialising in liver, kidney, bone marrow and islet transplants.

The trust provides world class care and expertise based on a tripartite mission of service, research and teaching excellence. It provides a major campus of UCL Medical School, some of whose research is of international status. As well as training doctors, it also trains nurses, midwives and many other clinical and non-clinical professionals. The trust is a founder member of UCL Partners, an academic health science centre formally designated by the secretary of state for health in March 2009.

## 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 checked="" type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input checked="" 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 checked="" type="checkbox"/> <input 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 checked="" type="checkbox"/> <input checked="" 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 Royal Free is part of the most financially challenged NHS economy in England.</p> <p>The high level of expected QIPP savings will need to be delivered largely through transformation of the way services and patient care are currently provided. The Royal Free has already started to play its part in projects such as PACE (involving early discharge and provision of treatment in the community), TREAT (focused on admission avoidance) and virtual wards, all looking to transform care across the whole patient pathway. However, larger scale transformations will need to have been implemented within the next two years, and the Royal Free will play a leading role in helping local commissioners to return to balance.</p> <p>The Royal Free's QIPP programme aims to save the following:</p> <table border="1"> <thead> <tr> <th>Year</th> <th>Target (£m)</th> <th>Projected income (%)</th> </tr> </thead> <tbody> <tr> <td>2011/12</td> <td>40</td> <td>7.3</td> </tr> <tr> <td>2012/13</td> <td>32.4</td> <td>6</td> </tr> <tr> <td>2013/14</td> <td>32.4</td> <td>6</td> </tr> <tr> <td>2014/15</td> <td>32.4</td> <td>6</td> </tr> </tbody> </table> <p>Primary objectives shared between the trust and local commissioners will be:</p> <ul style="list-style-type: none"> <li>increased productivity; and</li> <li>more care closer to home.</li> </ul> <p>The trust is proceeding through the SHA's quality assurance gateway process. Meanwhile the CQC has issued two compliance actions on outcome 1 (respecting and involving people) and outcome 5 (meeting nutritional needs).</p>		Year	Target (£m)	Projected income (%)	2011/12	40	7.3	2012/13	32.4	6	2013/14	32.4	6	2014/15	32.4	6
Year	Target (£m)	Projected income (%)														
2011/12	40	7.3														
2012/13	32.4	6														
2013/14	32.4	6														
2014/15	32.4	6														

## 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 checked="" type="checkbox"/>
Other capital and estate Plans	<input type="checkbox"/>
<b>Quality and Performance</b> Local / regional QIPP	<input checked="" type="checkbox"/>
Service Performance	<input checked="" type="checkbox"/>
Quality and clinical governance	<input checked="" type="checkbox"/>
<b>Governance and Leadership</b> Board Development	<input checked="" type="checkbox"/>
Other key actions to be taken (please provide detail below)	<input 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's five governing objectives are:

1. **Excellent outcomes** - to be in the top 10% of our peers on outcomes
2. **Excellent user experience** - to be in the top 10% of relevant peers on patient, GP and staff experience
3. **Excellent financial performance** - to be in the top 10% of relevant peers on financial performance
4. **Excellent compliance with our external duties** - to meet our external obligations effectively and efficiently
5. **A strong organisation for the future-** to strengthen the organisation for the future

Progress against these objectives is measured through the board committees. The Trust Board have agreed a programme of "go see" visits (ward to board) through which executive and non-executive directors visit parts of the hospital and talk to staff and patients directly. The trust's quality governance programme has been prepared for discussion and agreement at the Trust Board meeting on 28 April 2011.

The trust's shadow governors have also played a key role in determining the trust's quality objectives and, in liaison with the membership, have highlighted a number of areas for improvement.

The action plan to address the two CQC compliance actions is in place, covering bell ring response times and privacy and dignity; meal assistance and risk assessment and nursing documentation . A helpful meeting on the draft action plan has been held with the CQC, and the trust is proceeding on the basis that the compliance actions will be cleared without affecting the key dates in the application timetable.

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:

Action	Lead	Date
1. Ensuring HDD1 and 2 action plans are delivered	<b>Caroline Clarke</b> (Director of Finance, RF); <b>Kim Fleming</b> (Director of Planning, RF)	HDD1 action plan in progress; HDD2 action plan expected 26 May 2011
2. Ensuring future of Royal National Throat, Nose and Ear Hospital is decided	<b>David Sloman</b> (Chief Executive, RF)	June 2011
3. Delivering and planning detailed QIPP programmes for 2011/12 to 2012/13	<b>Charles Bruce</b> (Deputy Chief Executive, RF)	March 2011; June 2011
4. Appointing to our two non-executive director vacancies and instituting new board development programme	<b>Dominic Dodd</b> (Chair, RF)	Completed
5. Ensuring that the trust is ready for new quality governance arrangements- completing and implementing quality governance review	<b>Stephen Powis</b> (Medical Director, RF)	Recommended approach agreed by board, April 2011
6. Complete CQC outcomes 1 and 5 action plan and CQC removes compliance actions	<b>Deborah Sanders</b> (Director of Nursing, RF)	end June 2011

## 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 checked="" 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 checked="" type="checkbox"/>
Quality and clinical governance	<input checked="" 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> <p><b>QIPP</b></p> <p>An assessment of financial challenges and productivity opportunities by provider, incorporating the impact of commissioner QIPP plans as they are completed. This analysis, to be completed by July 2011, will determine any potential implications for the FT pipeline, including confirmation of any additional, possible requirements for service changes. <b>Lead; SHA Directors of Finance &amp; Investment and Strategy</b></p> <p>The Royal Free, its main commissioners and pathfinder GPs have established a process by which the Royal Free's integrated business plan can be assured as consistent with sector commissioning expectations and for commissioners to be able to confirm their support. Areas for confirmation will include quality, productivity and governance, with a focus on:</p> <ul style="list-style-type: none"> <li>reconciling sector planning assumptions with the trust's base case assumptions on activity and income</li> <li>levels of cost improvement; and</li> <li>service developments and their position in either the base or downside case</li> </ul> <p>The Royal Free and commissioners will need support from NHS London in developing and implementing sustainable service strategies. We will need particular support with:</p> <ul style="list-style-type: none"> <li>organisational transition for the Royal Throat, Nose and Ear Hospital (if agreed); and</li> <li>large scale service redesign.</li> </ul> <p>The Royal Free and the SHA (directors of nursing) are working together on the quality assurance gateway review, and on measures to clear the two compliance actions.</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

Part 5 milestones are identified in that section. The table below covers part 6.

Date	Milestone
March 2011	Appointment to two non-executive director vacancies.
31/03/2011	Trust Board initial decision on future of Royal National Throat, Nose & Ear Hospital
29/04/2011	Achievement of written commissioner support
May 2011	Stage 2 historical due diligence
10/06/2011	QIPP programmes in place for 2011/12 and 2012/13
end June 2011	Clearance of CQC compliance actions
01/07/2011	SHA board to board
14/07/2011	SHA Capital Investment Committee
01/08/2011	Formal submission to Secretary of State
<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>Not applicable.</p> <p>Describe what actions/sanctions the SHA will take where a milestone is likely to be, or has been missed.</p> <p>NHS London's monthly performance monitoring process will highlight challenges to FT pipeline milestones with regard to quality, service performance &amp; finance and address these in monthly performance improvement meetings with the trust (and include the Cluster). In addition, NHSL's Provider Development Directorate will link this to a NHSL TFA tracker and where a milestone not related to in year performance is likely to be missed, the Regional Director of Provider Development will hold a review meeting with the Trust Chief Executive. Where required, these meetings will include relevant SHA Directors and be chaired by the SHA Chief Executive. These meetings may also involve the SHA Chair, the Trust Chair or a Board to Board meeting. The outcome of the milestone review meeting will be a recovery plan with escalation to DH where necessary.</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	Named lead
The affordability of services provided by financially hard pressed commissioners, especially in parts of the north central London sector	Commissioner QIPP	<b>Caroline Taylor</b> (Chief Executive, NCL)
	Adequate financial controls to cover potential funding	<b>Caroline Clarke</b> (Director of Finance, RF)
	Robust QIPP programme/ back office efficiency programmes	<b>Charles Bruce</b> (Deputy Chief Executive, RF)
The significant challenge of continuing to deliver substantial cost savings for five more years	Growth of services in anticipated expansion areas	<b>Kim Fleming</b> (Director of Planning, RF)
	Additional QIPP programmes identified to cope with further loss	<b>Charles Bruce</b> (Deputy Chief Executive, RF)
Competitors winning those elements in the trust's portfolio that make a worthwhile contribution to overheads	Currently actively involved in development of the sector strategy and in tripartite discussions	<b>Kim Fleming</b> (Director of Planning, RF)