TFA document

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

Tripartite Formal Agreement between:

- St George's Healthcare 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)[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.

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

1 October 2013 / 1 March 2014(based on a successful bid for St Helier Hospital leading to the establishment of a new NHS Trust on 1/4/13)

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;

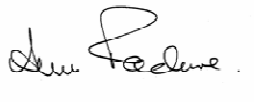
as covered in this agreement.

Peter Coles, Interim Chief Executive, St George's Healthcare	Signature: Date: 28th September 2011
Dame Ruth Carnell DBE, Chief Executive, NHS London	Signature Date: 28th September 2011
Ian Dalton, Managing Director of Provider Development	Signature Date: 30th 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 Radmore, Chief Executive, NHS SW London	

	 Signature Date: 28th September 2011

Part 3 – NHS Trust summary

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

Required information

St. George's Healthcare NHS Trust is a large healthcare provider and the major acute provider in south west London, providing secondary services to approximately 400,000 people in Wandsworth, Merton, Lambeth and surrounding areas, and tertiary services to over 2 million people in South West London, Surrey and beyond. The Trust completed the integration with Community Services Wandsworth in October 2010 and now provides community services for the population of Wandsworth.

St. George's therefore provides a comprehensive range of acute and tertiary hospital services and community services. It is:

- One of four Major Trauma Centres in London
- A designated large Hyper Acute Stroke Unit (HASU)
- A major centre for tertiary surgery
- A cancer centre
- A centre for specialised children's services

The Trust is currently registered with the CQC, without conditions. The registration was amended in October 2010 to reflect community locations i.e. Queen Mary's Hospital, Daews House and HMP Wandsworth.

The Trust employs approximately 7,000 staff and has approximately 1,000 beds. The total income for the Trust in 2010/11 was £604m. Community Services Wandsworth income for 2010/11 was £95m. The Trust has recovered from an underlying deficit of £21m in 2004/05 and cumulative deficit of £32.4m in 2008/09 to deliver surpluses in 2007/08, 2008/09, 2009/10 and a £5m surplus in 2010/11. The Trust plans to complete the repayment of the outstanding working capital loans of £34m by March 2012.

Financial data

	Restated* 2009/10 £000s	**2010/11 £000s**
Total income	589,531	604,247
EBITDA	40,150	29,566
Retained surplus for the year	10,774	5,020
CIP target	21,600	19,100
CIP achieved recurrent	18,200	12,250
CIP achieved non-recurrent	12,000	5,528

Source: Audited Accounts 2010/11

*Restated to include full year effect of integration with Community Services Wandsworth as required under IFRS merger accounting rules.

The Trust's main commissioners are NHS Wandsworth (31%), NHS Sutton & Merton (21%), and NHS Surrey (10%). Tertiary activity accounts for approximately 40% of income.

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	☐
Financial	
Current financial Position	☒
Level of efficiencies	☒
PFI plans and affordability	☐
Other Capital Plans and Estate issues	☐
Loan Debt	☐
Working Capital and Liquidity	
Quality and Performance	
QIPP	☒
Quality and clinical governance issues	☐
Service performance issues	☒
Governance and Leadership	
Board capacity and capability, and non-executive support	☐

St George's Healthcare NHS Trust has received £12m in total through the NHS London Challenged Trust Board, and is no longer classified as a challenged trust.

The Trust received a working capital loan from the Department of Health for £34 million in 2005/06. The loan is due to be fully repaid in 2011/12 in accordance with the plan agreed with NHS London and the Department of Health.. We are expecting this to be achieved.

Following formal turnaround in 2005, financial out-turn in recent years:

2007/08	£6.0m (UK GAAP)
2008/09	£0.3m (IFRS)
2009/10	£10.6m
2010/11	£5.0m

Integration with Wandsworth Community Services was completed on October 1st 2010.

The main issue faced by the trust is the size of the required Challenge programme for 2011/12, which is given below. This is made up as follows:

Challenge programme: 7.5% of turnover	
4% efficiency including tariff reduction	£21.7m
New cost pressures	£9.6m
Non-recurrent income & expenditure from 10/11	£11.6m
Increasing operating surplus from £5m to £6.5m to achieve 1% net surplus	£1.5m
Total	**£44.4m**
(Cost reduction element CRP- £27.2m)	

QIPP plans (agreed)

SWL PCT based QIPP plans	£4.5m
NHS London KPIs including readmissions penalty	£6.8m
Total	**£11.3m**

Service performance – 18 week action plan.
Since implementation of Cerner Millennium in March 2010 the Trust has struggled to generate an operational PTL because of poor data quality. A recovery director has been in post at the Trust since April 2011 and it is receiving IST support. NHS London attends the Trust's RTT recovery programme board with the cluster and the IST on a fortnightly basis. The Trust is now making good progress against its 18 week recovery plan. It has in place operational admitted and non-admitted PTLs and has implemented business rules to ensure it is able to recommence reporting on incomplete pathways from July data as planned. The Trust's Chief Executive has asked for an options appraisal to achieve compliance by October as the expectation is that all Trusts are compliant by then. The options appraisal is currently being reviewed by the cluster and NHS London. Until a decision is made the Trust plans to achieve full RTT compliance by December 2011.

Local healthcare economy sustainability – Strategic developments in SW London
SWL cluster is undertaking an acute services review to ensure long term sustainability of services across the sector.

Board Composition
A new Trust Chair has been appointed to succeed the current Chair, with Christopher Smallwood due take up post from 1 November 2011.

An interim CEO, Peter Coles, has been in post from 6 June 2011 for the period of 6 to 9 months. A substantive appointment has now been made, with Miles Scott to come into post December 2011 / January 2012.

Performance
Quarterly reviews of finance (including achievement and trajectory on CIPs), quality and performance, including waiting list/18 weeks actions and milestones will be undertaken with the NHSL

Unlocking the productivity challenge
The assessment presented by the SHA to the Board on 15 September 2011 identified productivity opportunities that would enable the trust to achieve a normalised FRR 3 rated surplus by 2014/15. The benchmarking analysis, matching peer at top quartile threshold highlighted significant savings opportunity in nursing and ST&T pay. Through its long term financial planning, the Trust has identified a need for cost reductions of £131.3m over the period 2011/12 to 2014/15 (if the Trust matches 'peer at top quartile threshold' then £119.9m of that target could be achieved).

The Trust is analysing this benchmarking data in more detail to enable it to identify the productivity opportunity achievable, and the actions required to deliver that level of change. In particularly it will need to understand

- Nursing and ST&T findings
- How achievements since 09/10 relate to remaining opportunities
- The impact on these projections of higher inflation, cost pressures and tariff reductions not in the base case
- How top quartile/top3 performance can translate into real surpluses

The Trust's plan is to;
• Establish the size of the financial opportunity from Benchmarks - by Dec 2011
• Produce detailed PIDs setting out cost reduction - by Jan 2012
• Implement the plans so that they impact on 2012/13 - in Feb 2012

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	☐
Financial Current financial position	☒
CIPs	☒
Other capital and estate Plans	☐
Quality and Performance Local / regional QIPP	☒
Service Performance	☒
Quality and clinical governance	☐
Governance and Leadership Board Development	☐
Other key actions to be taken (please provide detail below)	☒

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

Quality Governance

As an NHS Trust, patients are at the heart of everything that we do and hence our mission is to "*improve the health of our patients and our local community by achieving excellence in clinical care, research, education and employment."* Central to achieving this mission the Trust has established a robust quality governance framework that drives a quality focused agenda and promotes transparency and accountability.

The Board's commitment to quality of patient care can be demonstrated through a number of initiatives and processes:

- The Trust's Quality Strategy was approved in September 2010. The strategy outlines the Trust's vision for quality improvement over the next five years, detailing key priority areas and planned action to promote continuous improvement in the safety and quality of services provided by the Trust.
- The Board also revises the Trust's strategic aims and objectives on an annual basis. This enables the Board to review the Trust's strategic aims and affiliated actions, ensuring that they are still relevant and focused on the delivery of safe, high quality services.
- In June 2010 the Board nominated an independent non-executive director as the Trust's quality champion whose function is to hold the executive management team accountable for meeting quality targets and standards and ensuring that quality remains at the heart of everything we do.
- The Trust has recently implemented a programme of 'Patient Safety Walkabouts' whereby executive and non-executive board members visit clinical areas to hear first hand from patients and staff about how safety standards might be improved. A programme of visits is scheduled in advance, based on existing information such as incidents, feedback from the patient survey, complaints and nursing quality indicators such as pressure ulcers. This helps with the quick identification and resolution of problems and issues, and facilitates joint working towards a more open safety culture.

In order to promote a quality-focused culture across the Trust and to ensure that the Board has the leadership, skills and knowledge to effect delivery of the quality agenda, several Board level initiatives have been undertaken, including:-

- Annual risk management training
- Annual safeguarding training
- Divisional presentations presented at public Board meetings, focusing on quality aspects of different services and specialities
- Focused reviews of areas of concern and organisational learning including quality 'deep dives' and lessons learnt from national reports
- Listing 'Quality' as the first item for consideration on Trust Board agendas
- 'Impact on quality' has been incorporated into the Board paper template, thereby ensuring that all Board papers are risk assessed in terms of quality

The Trust has established a robust governance framework which ensures that the there is ward to board reporting on quality and risk issues and ensures the board has a complete view of quality. In May 2010 the Trust introduced the Quality Report onto the Trust Board agenda. The purpose of the report is to update the Board on key developments in Quality. Like the Quality Account, the report looks at the three domains of quality and focuses on the Trust's performance in these areas by looking at several indicators and performance measures i.e.-

- Patient safety: infection control, serious untoward incident reporting, pressure damage, workforce and recruitment
- Patient experience : same sex accommodation, use of interpreters, patient surveys, PALS and complaints, patient experience trackers
- Clinical Effectiveness: NICE compliance, national and local audits

This report is supported by a Compliance and Risk report which details external assurances received about the services that the Trust delivers, including the monthly Quality Risk Profile published by the CQC.

Underpinning this board level assurance the Trust has a Risk, Assurance and Compliance Committee, a board sub-committee chaired by a non-executive director, which brings together all aspects of healthcare governance and oversees the quality of care. Feeding into this committee the Trust has several executive governance committees, including a Patient Safety Committee whose remits includes a review of all Serious Incidents, and Patient Issues Committee whose remit includes all aspects of patient feedback including complaints and patient surveys.

Financial performance / delivery of Cost Reduction Programmes (CRPs) / QIPP

An assessment of the financial challenges and productivity opportunities by provider, incorporating the impact of commissioner QIPP plans has been undertaken for London's acute NHS Trusts. With the analysis, the trust is in the process of revamping its cost improvement programme into a larger clinical productivity programme.

The Trust has established a project management office and robust governance arrangements to oversee the development of sufficient CRPs to meet the financial targets for 2011/12, and to monitor their delivery. Each CRP work stream is led by an executive director and each project has a manager accountable for its delivery. PIDs are developed for each CRP, including an impact assessment on quality and equality.

The trust has an executive led CRP Monitoring Group which meets fortnightly, with fortnightly reports being circulated to Board members. The Board has reviewed the detail of the CRP schemes and receive assurances around the delivery of CRPs and the impact on patient quality. The Trust also has a robust risk management system in place that will monitor the impact of CRPs and report regularly to the Trust's Risk, Assurance and Compliance Committee and Board.

The Trust is also working closely with the acute commissioning unit and clinical commissioners to ensure robust management of demand jointly.

Lead Chief Executive

Service performance – 18 week action plan.
The Intensive Support Team visited to the Trust in February 2011 to review the data concerns and give a realistic assessment of the likelihood of having an 18 week compliant PTL. The IST found a number of factors which, added to the technical difficulties described above, contributed to the slow recovery. The Trust accepted these factors and an action plan was developed in response. Progress against the action plan is reviewed regularly by the 18-weeks Steering Group that has IST, SHA and PCT representation. As at August 2011 the trust is delivering the 95% target for non-admitted patients and has agreed a plan to deliver the 90% target of admitted patients on an aggregate basis by Dec 2011

Lead Chief Executive

Other key actions; Local healthcare economy sustainability – Strategic developments in SW London
The Trust is aware of the plan for Epsom & St. Helier NHS Trust to de-merge and for the two sites to look for an NHS trust or foundation trust with which to merge. St George's has expressed interest in the St Helier site and is at the Invitation to Tender Stage (September-October 2011).

The amended timescales for the de-merger transaction will mean that a final decision by the DoH Transaction Board on the partner for St. Helier should be known by November 2012. Should the Trust submit a successful bid to become the partner to merge with St. Helier, the timescale for the FT application for the merged organisation would need to be reviewed at that stage? Current key timescales are as follows:

Epsom & St Helier Transaction time scales:

Tender return date	11th Nov 2011
Evaluation completed	13th Jan 2012
OBC to NHS London	16th Feb 2012
CCP review commences	Feb 2012
FBC to Trust / Transaction Boards	August 2012
FBC to NHS London	Sept 2012
DH Transaction Board	Oct / Nov 2012
Secretary of State Approval	Dec 2012
New Trust established	1st Jan 2013

FT Authorisation time scales:

New Trust established	1st Jan 2013
12 months trading	Jan 2013 – Jan 2014
HDD1	1 Sept 2013
HDD2	1 Dec 2013
Board to Board	Jan 2014
Submission to DH	1 March 2014
Submission to Monitor	1 May 2014
FT target authorisation date	1 Sept 2014

Lead Chief Executive

Board Changes.
A review of our Board Development Programme will be undertaken once the new Chair (1

November 2011) and the new CEO (January 2012) are in post.

Lead Chief Executive / Chair

Quarterly reviews of finance (including achievement and trajectory on CIPs), quality and performance, including waiting list/18 weeks actions and milestones will be undertaken with the NHSL.

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)	☒
Contracting arrangements	☐
Transforming Community Services	☐
Financial CIPs\efficiency	☒
Quality and Performance Regional and local QIPP	☒
Quality and clinical governance	☐
Service Performance	☐
Governance and Leadership Board development activities	☐
Other key actions to be taken (please provide detail below)	☐

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.

SWL cluster is undertaking an acute services review to ensure long term sustainability of services across the sector. St George's will need to be an active participant in the review including Chief Executive attendance at the Strategy Programme Board and clinical involvement in the Clinical Strategy Group and Clinical Working Groups. Commissioner support to the Trust's FT application will be predicated on the understanding that the outcome of the review may impact on the service portfolio and income assumptions of the Trust. The Trust has agreed to model a range of potential downside and upside options which are consistent with emerging commissioner scenarios. Successful completion of the 'Better Services, Better Value' consultation and implementation of the recommendations will be an important factor in the ability of St. George's ability to meet the FT timetable. The timetable for consultation and implementation needs to be agreed.

Ensure effective delivery of the key milestones in the SWL Better Services Better Value programme. Lead SWL Cluster Chief Executive (2011)

St George's is an active partner in the development of plans to reduce costs by sharing support services across providers. The sector will provide support where necessary to help drive this work forward at an accelerated pace SWL Cluster Director of Strategy & Performance (2011/12)

The cluster has noted St George's potential interest in merger with St Helier. Input to the ESH Transaction Board of SWL commissioner perspective. Lead SWL Cluster Chief Executive.

The successful completion of the St. Helier transaction would be dependent on the availability of transition funding to support the financial model of the merged organisation while service configuration (in line with 'Better Services, Better Value') is implemented, and the ability of St. George's to be able to negotiate the legal terms of the transaction as currently set out in the ITT. Transaction Board / NHS London (November 2011)

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. Lead; SHA Directors of Finance & Investment and Strategy

Quarterly reviews of finance (including achievement and trajectory on CIPs), quality and performance, including waiting list/18 weeks actions and milestones will be undertaken with the Trust. SHA Directors of Finance & Investment & Performance

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	☐
Financial NHS Trusts with debt	☐
Short/medium term liquidity issues	☐
Current/future PFI schemes	☐
National QIPP work streams	☐
Governance and Leadership Board development activities	☐
Other key actions to be taken (please provide detail below	☐
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
July, Oct, Dec, April 2011-2013	Quarterly reviews of finance (including achievement and trajectory on CIPs (11/12); clinical productivity programme from 2012/13), quality and performance, including waiting list/18 weeks actions and milestones will be undertaken with the Trust
31st July 2011	Q1 – Review of finance, quality & performance
31 July 2011	SHA financial challenge and productivity opportunities assessment
September 2011	Appointment of new Chair. Substantive Chief Executive appointment to follow
11th Nov 2011	Submit detailed bid for merging with St Helier Hospital
October 2011	Board decision on FT timeline based on: • Review completion of 18 week action plan • Review of quarter 2 financial position • Outcome of preferred bidder status for St. Helier to be published
31st October 2011 **30 November 2011**	Q2 – Review of finance, quality & performance Establishment of Clinical Productivity Programme with full year effect for 2012/13
Option 1: FT under current configuration	
31st January 2012	Q3 - Review of finance, quality & performance
March 2013	Final draft IBP and LTFM completed
April 2013	Re-enter into FT pipeline
May 2013	Commissioner support confirmed
July-August 2013	Stage 2 Historical Due Diligence & Stage 1 refresh
September 2013	Board to Board with NTDA
1 October 2013	Submission of application to Secretary of State
1 April 2014	Monitor Authorisation
Option 2: FT post St. Helier transaction	
Jan 2013	Merger complete
Jan 2014	Completion of 12 months' trading
1 March 2014	Submission of application to Secretary of State
1 May 2014	Submission to Monitor
1 September 2014	Monitor authorisation

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.

Key Trust, SHA and DH actions necessary to achieve this timeline are detailed in parts 5-7 above.

Describe what actions\sanctions the SHA will take where a milestone is likely to be, or has been missed.

NHS London's monthly performance monitoring process will highlight challenges to FT pipeline milestones with regard to quality, service performance & 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.

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
Financial performance / delivery of CRPs	Actions outlined in section 5. Lead –,Peter Coles, interim CEO
Service performance – 18 week reporting	Actions outlined in section 5. Lead – Patrick Mitchell, Chief Operating Officer
Strategic uncertainty in SW London – future configuration of services (St. Helier)	Actions outlined in section 5. Lead –- Peter Coles, interim CEO
Commissioner support for FT application	The Trust is working closely with the SW London acute commissioning unit and future clinical commissioners to understand the Trust's IBP and to align that to future commissioning intentions. Lead –, Peter Coles, interim CEO
Successful implementation of Better Services, Better Value	Actions outlined in section 6. Lead – Ann Radmore, CEO SW Cluster
Requirement for transition funding to support the post-transaction financial model	Actions outlined in section 6. Lead – Paul Baumann, Director of Finance, NHS London
Due diligence on potential merger not completed	To be completed as part of any bidding process Lead – Peter Coles, interim CEO