TFA document

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

Tripartite Formal Agreement between:

- The Pennine Acute 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)[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 achieving 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

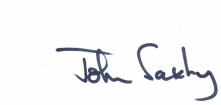
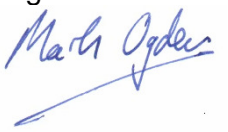
1st December 2012

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.

John Saxby, (CEO of Pennine acute Hospitals NHS Trust)	Signature  Date: 20/09/2011
Mark Ogden, (CEO of SHA)	Signature  Date: 21/09/2011
Ian Dalton, Managing Director of Provider Development	 Signature Date: 27/09/2011

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.

Mike Burrows, (CEO NHS Greater Manchester)	Signature 

	Date: 20/09/2011

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 Pennine Acute Hospitals Trust has full and unconditional CQC registration

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

	2009/10 £'000	2010/11 £'000
Total income	557,760	557,007
EBITDA	31,457	29,860
Operating surplus\deficit	620	259
CIP target	14,442	20,800
CIP achieved recurrent	14,442	18,375
CIP achieved non-recurrent	nil	2,035

The Trust's host commissioners are :

NHS Bury
NHS Heywood , Middleton and Rochdale
NHS Manchester
NHS Oldham

All four are part of the Greater Manchester cluster.

The Pennine Acute Hospitals Trust serves a population of roughly 800,000 in the North East Greater Manchester area. It is a large Trust with a total operating budget of £560m.

The Trust operates from four District general hospitals sites: Fairfield, Bury; North Manchester General Hospital; Royal Oldham Hospital and Rochdale Infirmary. Ophthalmology day case and limited outpatient service are provided on a fifth site, Birch Hill Hospital

The Trust also provides specialist service. HIV/AIDs, HPB surgery and head and neck surgery at North Manchester and vascular surgery at the Royal Oldham.

The Royal Oldham is also a host site for satellite radiotherapy managed by the Christie Hospital.

Much of the building stock at North Manchester is old and in need of replacement. The trust has an estate plan to resolve this but still needs to finalise the funding required.

The Trust is a strong performance record. It has an unqualified CQC registration and the last CQC unannounced visit produced a very positive report

The Trust has a track record of meeting its financial targets. All targets were met in 2010/11 including a surplus of £259,000.

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	☐

Strategic and local health economy issues
The Trust is part way through the implementation of two major service reconfigurations, Healthy Futures and Making it Better. Together they impact on all services provided by the Trust. Implementation is due to complete by December 2012.

The reconfiguration programme will allow all acute beds at Rochdale Infirmary to be closed, allowing overnight services on other sites to be strengthened and the Infirmary site to be rationalised. It will allow the Trust to move the remaining services it provides at Birch Hill Hospital.

The Trust is in the process of refreshing its clinical strategy post 2012 and is actively engaging with commissioners on this strategy during the second half of 2011. The process will then require formal consultation during 2012.

Finance
The four PCTs in the Pennine footprint all face significant financial pressure. Two of the four, NHS Oldham and NHS Bury are both implementing recovery plans.

Only NHS Manchester has transferred community services activity to Pennine Acute, and this equates only to 9% of Manchester's total community services, providing more limited integration opportunities than larger scale transfers would provide.

The Trust has agreed commissioning intentions with local PCTs and this will be reflected in the next submission of the IBP. Commissioning intentions suggests a significant level of disinvestment as the Health Economy looks to recover its financial viability. The Trust has worked with commissioners to support the North East sector recovery plan to right size the local health economy including demand management processes.

A main challenge facing the Trust is the high level of CIPs required and they have responded by launching their Transforming for Excellence programme and commissioned Ernst & Young

to support them in this work. This work has focused heavily on their savings requirements and their ability to deliver these.

The Trust need to ensure that their financial plans provide them with sufficient headroom to safeguard their financial viability and have a sufficient level of cash to meet their obligations under a downside scenario.

Quality and Performance
At month one of 2011/12 there are two performance issues for the trust as follows:

Referral to treatment waiting time- admitted
A&E waiting time

A plan is in place which will see all targets met by March 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.

The Board has taken a number of actions to provide assurance in maintaining and improving the quality of care to patients. These include strengthened senior clinical management arrangements, revised Trust and Divisional Clinical Governance and Quality structures with sub committees for safety, experience and effectiveness all chaired by an Executive Director, these report to the Trust CG/Q Committee and subsequently the TB.

The Board gains its assurance from monthly reports on performance supported by more detailed plans where necessary.

Financial
The Transforming for Excellence programme instituted by the Trust will deliver a step change in efficiency in order to deliver financial responsibilities.

Quality and Performance
The Trust has agreed a trajectory for improvement with the SHA which will see all performance targets met by the end of the financial year. External assurance is gained from, among others, the Emergency Care Intensive Support Team.

Governance and Leadership
A Board development programme is in place with external support from the University of Leeds.

John Saxby, CEO, Formal application to DH December 2012

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.

A Transition Director has been appointed by the SHA to support the Trust's application process. Progress will be monitored through a very clear Accountability Framework with key milestones and covenants. SHA escalation policy will be implemented in the event of covenants being breached.

All issues in Part 5 need to be addressed in the IBP/LTFM submissions June/November 2011 - Alan Hughes/Peter Keogh.

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
June 2011	Accountability framework in place with SHA
July 2011	Inpatient women and Childrens services transferred form Rochdale Infirmary to The Royal Oldham Hospital
July 2011	Process and Governance arrangements for clinical services agreed with commissioners
October 2011	Referral to Treatment times met
October 2011	"Monitor FRR" of 3 delivered and maintained
November 2011	4th Submission of IBP
November 2011	Options for clinical strategy developed with Commissioners
December 2011	"Healthy Futures" clinical strategy fully delivered and signed off by assurance process
March 2012	Clinical Strategy agreed with Commissioners
March 2012	A&E performance targets met
March 2012	All Monitor Compliance Framework targets met
May 2012	5th submission of IBP
May 2012	HDD stage 2
April 2012	Women and Childrens services transferred from Fairfield Hospital to North Manchester General Hospital
June 2012	SHA Board to Board
July 2012	Clinical Strategy consultation starts
October 2012	6th and final submission of IBP
November 2012	Clinical Strategy consultation concludes and has been approved
December 2012	Building completion of new women and children unit at the Royal Oldham Hospital. "Making it Better" clinical strategy fully delivered and signed off by Children's network
December 2012	SHA FT phase complete

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.

The Trust will enter into an accountability framework agreement setting out the project milestones and covenant tests over the period to the submission to the DoH. The agreement sets out the actions that will be taken in the event that the milestones or covenant tests are not met.

Detailed milestones and Covenant Tests exist in the Accountability Framework. 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
Health Economy Financial health	**Lead: Finance Director** Patch wide financial recovery plan under the title of "Facing the Future". This is targeted at getting the health economy into financial balance. Should programme not deliver in line with trajectory, mitigations include activity and demand management and stopping discretionary spend.
CIPs/Efficiencies	**Lead: Finance Director** Trust efficiency programme, Transforming for Excellence sets out in detail CiP programme for 2011/12 and 2012/13. Deviation from this will be mitigated through more stringent vacancy controls, non pay controls and management of premium pay payments.
External relationships	**Lead: Chief Executive** Local economy has a long history of joint working. Where problems arise action at CEO level to resolve.
Site & service reconfiguration	**Lead: Director of Operations** Programme for reconfiguration is on track to complete 2012. External assurance from the Healthy Futures and Making it Better teams in place. Any slippage from programme closely monitored and remedial actions agreed.
North Manchester Estate	**Lead: Director of Strategic Planning** Estate at North Manchester is in a poor condition. Mitigation: Estate plan in place for the maintenance and upkeep of buildings for the plan period. Estate plan in place for the replacement of aging building stock. No finance in place.