TFA document

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

Tripartite Formal Agreement between:

- Ealing Hospital 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 by 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 June 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

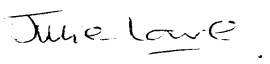
1 December, 2014

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.

Julie Lowe, Chief Executive, Ealing Hospital NHS Trust	Signature  Date: 28 September 2011

Dame Ruth Carnall, DBE Chief Executive NHS London	Signature  Date: 28 September 2011

Ian Dalton Department of Health	Signature  Date: 30 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.

Anne Rainsberry, CEO NWL	 Signature Date: 28 September 2011

Part 3 – NHS Trust summary

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

Background
Ealing Hospital NHS Trust (EHT) is a District General Hospital currently providing acute services to a population base of around 300,000 people in North West London. From April 2011 Ealing Hospital merged with the community provider services of Ealing, Harrow and Brent to form an Integrated Care Organisation (EHT-ICO) covering a population of around 800,000. In addition to the acute Hospital site the EHT-ICO delivers care in a number of community clinic settings with approximately 160 community beds including intermediate care, rehabilitation and Hospice facilities.

In 2010/11 EHT employed 1526 WTE staff. Including the community staff in 2011/12 the EHT-ICO is now employing just over 3000 WTE.

Full CQC registration with no conditions.

EHT-ICO's main commissioner is NHS Ealing for acute services and NHS Ealing, NHS Harrow and NHS Brent for community provider services.

Financial data
Ealing Hospital has achieved financial balance for the past 8 years. Data for 2009/10 and 10/11 are as shown below. The community provider services of Ealing, Harrow and Brent had been brought into a breakeven run rate by the time of acquisition by EHT in April 2011.

	2009/10 £000s	**2010/11 £000s**
Total income	130,956	132,949
EBITDA	6,898	6,545
Operating surplus**	36	28
CIP target	4,200	4,850
CIP achieved recurrent	4,200	4,850
CIP achieved non-recurrent		

Source: DH FIMS
**Excludes impairments/IFRS adjustments

Future vision
Following the establishment of a clinical collaboration board in October 2010 the Trust has been considering its organisational future with The North West London Hospitals NHS Trust (NWLH). In January both Boards and NWL agreed that a strategic outline case (SOC) and subsequent outline business case (OBC) should be developed to assess the benefits of a potential merger of the two organisations providing Hospital and community services across Brent, Harrow and Ealing serving a population of around 800,000. The SOC was approved by the Boards of both Trusts in May 2011 and the OBC is anticipated to be presented to the respective Boards and NHSL in October and November 2011, respectively..

This TFA explains the steps required in this process and includes a timetable for merger and subsequent FT authorisation. The timetable is demanding but imperative if the merged Trust is i) to have critical clinical mass and ii) able to achieve Monitor's financial criteria.

The TFA explains that significant synergies would be required to meet FT downside criteria. There are significant opportunities for reconfiguration that support NWL's strategic plan. The changes will, however, require public consultation and potentially capital support.

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	☐

Please provide any further relevant local information in relation to the key issues to be addressed by the NHS Trust:

Service and site reconfigurations – If the option to merge is approved then the new organisation would be of sufficient clinical scale in most specialities and sub-specialities. It is anticipated that the merger will provide a number of service reconfiguration and rationalisation opportunities necessary to achieve the service quality and efficiency required to achieve FT.

Integration of community services – EHT has already integrated with the community services but the scale and the quality and productivity benefits of integration will be greater if the ICO merges with NWLH.

Not clinically or financially viable in current form – The acute services based at the EHT site have insufficient critical mass to maintain high quality acute medical, surgical, maternity and paediatric services in the future without investment and expansion. Ealing Hospital has been financially stable for more than 5 years with no legacy debt but modelling current commissioning intentions indicates that the Trust will struggle to maintain financial balance in the next 5 years without significant service and organisational change.

PFI plans and affordability – EHT-ICO currently owns only the EHT acute site but may be able to acquire some of the community premises that are currently owned by the respective PCTs. This will not include PFI or LIFT schemes but the community services deliver significant volumes of care through PFI and LIFT schemes in Harrow and Brent. If the proposed merger progresses NWLH has a PFI build at the Central Middlesex site.

Other Capital Plans and Estates Issues – EHT-ICO and NWLH anticipate that a number of capital schemes would need to be approved to facilitate the service reconfiguration required to deliver the efficiency and quality gains necessary to meet FT requirements.

Quality and performance – EHT-ICO will face increasing difficulties in meeting quality standards around acute and specialised service delivery due to the small critical mass. The

Trust had stroke services decommissioned in 2009 and urological cancer services are about to be decommissioned in late 2011. Going forward we anticipate difficulty in achieving Royal College and commissioning standards in acute surgery, acute paediatrics and maternity due to the investment in consultant numbers which would be required.

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.

Quality and Clinical Governance: The Trust Board gains assurance on quality and safety through a number of mechanisms:

- The Trust performance report and a patient safety scorecard are presented at each monthly public Board meeting.
- The governance and risk management structure has been revised in 2011/12 to take account of the incorporation of community services into the organisation.
- Specific reports are presented to the Board on a regular basis in key areas of quality and safety areas including safeguarding, hospital-associated infection and patient experience.
- A specific Board workshop was held to cover the findings from the mid-Staffordshire review and each Directorate was asked to report through the Governance structure
- The Board assurance framework has recently been revised with involvement of all executive and non-executive Board members at a facilitated workshop. The BAF is reviewed quarterly at the public Board meeting.
- The corporate risk register is reviewed formally at the Board on a quarterly basis.
- The Board reviews the full report of all serious incidents that are reportable to the SHA plus summary and trend analysis of such incidents. A non-executive director is allocated to each serious incident panel.
- The Trust Clinical Governance Committee meets bimonthly is chaired by a non-executive director – this committee formally reviews Trust and departmental risk registers at each meeting.
- Executive Directors undertake a weekly unannounced Trust wide walkabout to review key safety and quality issues, for example cleanliness, listening to staff feedback and the observing the patient experience.
- Ealing LINk has speaking rights at all board meetings and Trust Executive Directors attend LINk meetings regularly.
- The Trust Board regards maintaining and improving the safety and quality of patient care as its top priority. The Trust has been successful in making improvements in this area across the board, most notably, significant improvements on Privacy and

Dignity issues for our patients reflected in our recent CQC privacy and Dignity Inspection which confirmed that all standards have been met. Furthermore our compliance in relation to single sex accommodation following toilet and en suite shower room facility enhancement has improved substantially.

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:

Integration with community services: The EHT-ICO commenced on April 1st 2011 with transfer of the community provider services for Ealing, Harrow and Brent. The Trust has already initiated early adopter integration projects to support the QIPP programmes for NHS Ealing and EHT-ICO. Integration projects are also in progress between the community services in Brent and Harrow and the acute services from NWLH. Lead: CEO EHT-ICO.

Financial, Local and regional QIPP: EHT-ICO has a QIPP plan to deliver £13.25 million in savings across the organisation. We have established a QIPP programme management office and monthly QIPP delivery meetings are chaired by the CEO. The Trust is also working closely with NHS Brent/Harrow who require additional savings above the 6% CIP that was agreed as part of the ICO business plan for 2011/12. Merger with NWLH can release the potential for greater integration across Harrow and Brent and facilitate delivery of efficiency savings between the acute sites within a new organisation. Lead: Finance Director EHT-ICO.

: An assessment of financial challenges and productivity opportunities by provider, incorporating the impact of commissioner QIPP plans has been undertaken for London's acute NHS Trusts.
This analysis has identified several productivity work streams for the EHT ICO to take forward with specific benefit identified within Procurement, Medical Pay and Nursing Pay. The specific actions in respect of these areas are outlined below.

i) Procurement

- Accelerate E Procurement roll out across ICO
- Explore alternative service provision options
  - Internal restructure / resources
  - Outsourcing
  - Joint venture with NWLH
  - Dialogue with LPP

ii) Medical Pay

- Diagnostic work required;
  - Staff mix – WTE and grade in relation to activity and income
  - Compare staffing levels during week and out of hours between EHT and the peer group across all specialities
  - Compare service line reporting data with workforce information between EHT and the peer group

- Medical productivity recovery plan;
  - Formal job plan review all consultant staff
  - Implement medical staffing re-organisation based on outcome of diagnostic work
  - Implement new medical locum control policy – including revising bank arrangements for medical staff
  - Full implementation of Hospital at Night

iii) Nursing Pay

- Nursing productivity recovery plan based on outcome from Audit Commission work:
  - Skill mix changes in registered staff
  - Exploration of Band 4 practitioner roles

- Eliminate variances across wards
- Balance between registered & unregistered staff
- Evaluation of Specialist Nurses and their inputs to ward activity
- E- rostering review

The Trust has an established Programme Management Office (PMO) which will employ best practice program management techniques in respect of establishing key milestones for leveraging productivity gains, which will be monitored via the existing QIPP Board Assurance Framework.

Lead – CEO EHT-ICO.

Leadership: The managerial team at EHT is small and there is likely to be a lack of capacity to deliver new working within the Trust, QIPP and engage fully in the merger process. Additional support/expertise will be required to ensure delivery of what is a challenging agenda. Lead: CEO EHT-ICO.

Merger between NWLH and EHT
As described in part 4 EHT-ICO is unable to progress to FT as a stand alone organisation due lack of critical mass, the likelihood of decommissioning of key services and future financial uncertainty. Lead: CEO both Trusts

The SOC/OBC process will demonstrate whether there is scope for achieving Monitor's financial criteria as a merged Trust. Significant synergies would be required to achieve sufficient savings in downside scenario modelling and to deal with the financial issues relating to NWLH. Measures are likely to be significant and some require public consultation. They include:

- Acceleration of integrated care
- Cost savings through scale and shared rotas
- Consolidation of duplicated or below critical mass clinical services
- Reduction in duplication of clinical support and back office services

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.

The option to merge EHT-ICO with NWLH reflects NWL's integrated plan 2011/12 to improve care and release savings in acute settings and is supported by NWL. EHT-ICO will require the SHA to undertake the following actions to support the plans for merger and the TFA

- **Transitional support** – this is required to accelerate the timetable for achieving a viable FT, during a period of service reconfiguration/reorganisation. NWL Cluster Chief Executive, December 2011
- **Programme Management Board**. Appropriate resourcing the Programme Management Board to meet OBC and FBC timetables. NWL Cluster Chief Executive, from September 2011**.**
- **Guidance regarding simultaneous consultation on service and organisational changes -** It is likely that consultation on both of these issues will be complex and will need to run in parallel if the new organisation is to meet both the timeline for merger and achieve the efficiency savings required to meet Monitor's requirements for FT. SHA Directors of Strategy, Provider Development, from September 2011
- **Capability and capacity to undertake potentially complex public consultation and other statutory requirements such as CCP –** The timeline to merger could easily be delayed by consultation and other issues. The Trusts will look to the SHA for guidance, specialist advice and practical support to minimise these risks. SHA Directors of Strategy & Communications, from September 2011
- **Maintaining quality during organisational change –** The Trust may need assistance to ensure that safe and effective services that meet National and local targets are maintained during a period of rapid organisational and service change. SHA Medical Director and Directors of Nursing and Performance.
- **Capital costs** – Potential inter site changes to support sustainable services may need capital projects to develop appropriate facilities. We would look to NHSL for guidance on how to address capital needs over the reconfiguration period. Lead; SHA Director of Finance, December 2011

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	☐ **Resolution of historic debt re NWLHT**
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:

Capital costs – Potential inter site changes to support sustainable services may need capital projects to develop appropriate facilities. We would look to the DH along with NHSL for guidance on how to address capital needs over the reconfiguration period.

Transitional Funding – Transitional funding o**f** at least 15 months is required to expedite the FT process, in parallel to changes in services, DH and NHSL to advice on the mechanism to put this in place.

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

Date	Milestone
Organisational merger (14 months)	
May, 2011	SOC completion and Board approval
7 October 2011	OBC completion
4 November 2011	Trust and Cluster Board approve OBC for merger assumed to deliver a merged organisation with balanced I&E from August 2014
November 2011	CCP 6 month review begins (and is assumed to be complete within 6 calendar months)
17 November 2011	NHSL Capital Investment Committee approves OBC
28 February, 2012	FBC completion including full implementation plan
March, 2012	Trust and Cluster Board approve FBC for merger
April, 2012	NHSL Capital Investment Committee approves FBC
May 2012	DH Transaction Board Approval
1 July, 2012	Merger completed
Service change – consultation / approvals (18 months)	
December 2011	Cluster agrees pre-Consultation business case
End of February - June 2012	Launch public consultation (16 weeks)
September 2012	PCT decision on consultation outcome
November 2012	Referral to IRP
August 2013	SOS decision
Service change – implementation (12 months]	
August 2013 – March 2014	Infrastructure in place to deliver service change including capital development and further public and TUPE consultation if required at this point
August 2014	Implementation completed
September 2013 – August 2014	Period of transitional funding in place
From September 2014	Balanced I&E – double running costs eliminated
Foundation Trust application (21 months)	
December 2013	Begin to develop IBP/LTFM
July 2014	Historic Due Diligence (HDD) 1 (including assessment of a period when transitional funding was in place)
October 2014	Historic Due Diligence (HDD) 2
1 December 2014	**NHSL approval and FT submission to DH (Stage 1 completed)**
1 January 2015	SoS Submission and DH assessment process (FT application Stage 2)
March– July 2015	Monitor assessment process (FT application Stage 3)
1st September 2015	**Target FT Authorisation**

NOTE
This timeline assumes transitional funding to facilitate service change after Secretary of State approval for merger.
The timeline assumes that the Monitor assessment can begin before the Trust has had a year of trading without transitional funding, but that this will have been achieved before authorisation.
Risks are detailed in section 9. Timelines for public consultation are based on a scenario where service change is referred for IRP and then approved by the Secretary of State.

In addition to the above, there will be a Quarterly Review of finance, quality and performance, including achievement and trajectory on CIP / QIPP / Productivity targets.

Part 9 – Key risks to delivery

Risk	Mitigation including named lead	
The OBC/FBC is not approved by Boards and/or NHSL	Dialogue with NWL sector and NHSL about alternative options/pathways to FT	CEO EHT-ICO
Delivery of Trust's financial strategy including agreement to Transitional Funding support post-merger	*Dialogue with NHSNWL, NHSL and DH*	CEO
Public & staff consultation re: merger (and potentially service redesign initiatives) subject to appeals and external scrutiny delaying the TFA trajectory	Ensure that consultation conducted in line with consultation law (NHS Act 2006 and NHS regulations for establishment and dissolution (1996) and TUPE regulations	SRO& CEO
Organisational capacity & capability to balance day to day operational pressures with major change programme for both partners	Close liaison between Trust and Programme Management Board	EHT-ICO NWLHT
Specific risks associated with the timelines described in part 8 including: - Timing of CCP review - Timing of OSC referral to SoS (following FBC completion) - Non-availability of transitional funding	Close adherence to NHS guidance on consultation and rigorous engagement of stakeholders	Programme Management Board
Clinical and stakeholder support and commitment for service change and the merger	Close adherence to NHS guidance on consultation and rigorous engagement of stakeholders	Programme Management Board
Monitor will not accept for assessment a period when the Trust was in receipt of transitional funding	Liaison with provider development at SHA	DoFs