TFA document

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

Tripartite Formal Agreement between:

- Maidstone & Tunbridge Wells NHS Trust
- NHS South East Coast
- 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 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.

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

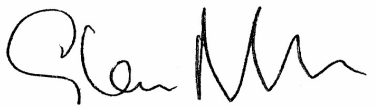
1 October 2013

Part 2a - Signatories to agreements

By signing this agreement the following signatories are formally confirming:

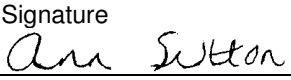
- their agreement with the issues identified;
- their agreement with the actions and milestones detailed to support achievement of the date identified in part 1;
- their agreement with the obligations they, and the other signatories, are committing to;

as covered in this agreement.

Glenn Douglas, Chief Executive Maidstone & Tunbridge Wells NHS Trust	Signature  Date: 29 September 2011
Candy Morris, Chief Executive South East Coast Strategic Health Authority	Signature  Date: 29 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.

Ann Sutton, Chief Executive Kent and Medway PCT Cluster	Signature 

	Date: 29 September 2011

Part 3 – NHS Trust summary

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

Trust History: The Trust was formed in the year 2000 from the two constituent hospital Trusts. Services were delivered from three hospital sites, the Kent & Sussex Hospital in Tunbridge Wells, the Pembury Hospital and the Maidstone Hospital.

The 2007 report into the Healthcare Commission investigation into the clostridium difficile outbreaks in the Trust during 2005/6 resulted in a change of Trust leadership with the current Chief Executive, Chairman and most other Executive and Non Executive Directors being appointed during 2007 and 2008.

Since that time the Trust has undergone a major transformation. The Trust now boasts some of the best (lowest) infection rates in the south east and has significantly improved public confidence and engagement through the delivery of high quality patient care. Also, the Trust commenced 2010/11 in financial balance for the first time since the merger of the two founding Trusts and has since met its 5 year break even duty.

The current leadership team has overseen the development a new PFI funded hospital (the Tunbridge Wells Hospital at Pembury) enabling the closure of both the old Pembury Hospital and the Kent & Sussex Hospital. Services will be reconfigured across two main hospital sites (plus various satellite locations) and the reconfiguration takes place in September 2011.

Services provided: Maidstone & Tunbridge Wells NHS Trust provides a comprehensive range of acute hospital services for elective and emergency patients. The Trust also provides specialist Cancer services to the region.

In addition to the main hospital sites, the Trust also runs outreach clinics at a number of community hospitals in West Kent and East Sussex.

The Trust employs approximately 4,800 whole time equivalent staff.

Private patient services will be provided by the Trust with the Tunbridge Wells Hospital Private Patient Unit opening in October 2011.

Geographical/demographic information: The Trust provides acute hospital services to around 500,000 people living in West Kent and parts of East Sussex. Opportunities to repatriate elective activity referred to London hospitals, and to attract activity outside its traditional catchment area, are also being explored in liaison with Commissioners.

In addition, the Trust provides specialist cancer services to some 1.8 million people across the whole of the County with the Kent Oncology Centre based at Maidstone Hospital and a unit based at the Kent and Canterbury Hospital, Canterbury.

Financial position: The Trust achieved its planned surplus of £1.6 million in 2010/11. The Trust remains in underlying financial balance.

	2009/10	**2010/11**
Total income	311,889	320,832
EBITDA	22,479	23,458
Operating surplus\deficit	180	1,600
CIP target	18,000	15,000
CIP achieved recurrent	18,810	14,800
CIP achieved non-recurrent	450	350

This financial data reflects the surplus for 2010/11, which excludes technical deficits associated with on-balance sheet accounting for the new PFI hospital.

The Trust has met its financial plan so far in 2011/12, achieving a small surplus after

excluding technical issues associated with the PFI. The Trust is forecasting that it will achieve financial balance in 2011/12 (excluding the extraordinary new hospital recurrent costs) through the full delivery of its cost improvement programme.

CQC registration: Full registration and no conditions

Main commissioners: The Trust's main commissioners, and the % of total income in 2010/11, are:

- West Kent PCT (79%)
- East Sussex Downs & Weald PCT (7.1%)
- Eastern & Coastal Kent PCT (6.6%)
- Medway PCT (4.8%)

PFI scheme: From September 2011, the Tunbridge Wells Hospital, a new state-of-the-art PFI funded hospital at Pembury, will be fully operational and provides wholly single bedded en suite accommodation for in-patients. This development will enable Trust services to be configured as centres of expertise located at one of the two main hospital sites:

(i) Maidstone Hospital will be the centre for complex elective surgery and the Kent Oncology Centre

(ii) Tunbridge Wells Hospital will be the centre for women's and children's services and trauma and orthopaedics services.

Both sites will provide accident & emergency, general medicine, day and short stay surgery, diagnostic and outpatient services. Outreach clinics will also continue.

A first phase move into the new Tunbridge Wells Hospital took place in January 2011 with services already on the Pembury site moving into the new building. The services currently provided at the Kent & Sussex Hospital moved into the new building in September 2011; the associated reconfiguration of services will also see some 150 staff move between the Maidstone Hospital and Tunbridge Wells Hospital sites.

The final phase will be the decommissioning of the Kent & Sussex site (which will be completed March 2012) and its sale.

The proceeds from the sale of the Kent & Sussex Hospital site will be used to discharge a loan taken to fund equipment for the new hospital, including state-of-the-art diagnostic technology.

The new Tunbridge Wells Hospital has been built by Laing O'Rourke and is financed and owned by Kent and East Sussex Weald Hospital Limited (referred to as Project Co); they subcontract hard facilities management services to Interserve. The PFI contract to finance this hospital is for a 30 year period after which time ownership can pass to the Trust.

The Unitary Payment is approximately £20.6 m a year, increased annually by RPI.

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	

Reconfiguration

1. The new PFI funded hospital at Pembury will enable the Trust to close the Kent & Sussex hospital. From September 2011 services will be reconfigured across two, not three, main hospital sites:
   - Maidstone Hospital: the centre for complex elective surgery and cancer services
   - Tunbridge Wells Hospital: the centre for trauma, orthopaedics, and women's & children's services

   Both sites will provide accident & emergency, general medicine, day and short stay surgery, diagnostic and outpatient services.

2. The Tunbridge Wells Hospital will provide patients with state of the art treatment and diagnostic facilities together with a unique (wholly single room en suite) environment to aid rest and personalised care for in-patients.

3. In 2008, the Trust opened the International Minimal Access Centre for Surgery (IMACS) at Maidstone Hospital. Linked to a state-of -the art operating theatre in the main hospital, it supports the development of specialist elective surgery services at Maidstone as well as the expansion of knowledge in techniques which improve the patient experience and reduce length of stay.

Local Health Economy

4. The new hospital, the resultant internal service reconfiguration and service improvements (such as low length of stay) give the Trust capacity to repatriate services from London and explore opportunities to extend elective services to communities outside its traditional catchment area. The Trust is using modelling and analysis previously commissioned to support the assessment. The Trust is in discussion with the PCT Cluster about the local health economy and the West Kent clinical strategy. The Trust's Clinical Strategy options will be drafted by 30 September 2011 and presented to the Trust Board at its meeting on 2 November 2011.

5. The Trust has already established a Stroke Rehabilitation Unit at the Tonbridge Cottage Hospital. The Trust believes that control of community hospital settings will benefit the

delivery of end to end patient care and cost effective service delivery. Opportunities to develop this model further are also being explored.

6. In addition, the Trust will develop private patient services and a unit in the Tunbridge Wells Hospital will be opened in October 2011

PFI affordability

7. The Trust is in discussion with the PCT Cluster about service change across the local health economy which would improve the utilisation of the Trust's reconfigured facilities as well as improve both the quality of care to patients and financial viability.

8. The new hospital increases the overall costs of the Trust by £39 million (gross), including a £20.6 million unitary charge. This is offset by £10 million savings from not running the old hospital sites of the Kent & Sussex and Pembury, which leaves a net increase in recurrent costs of £29 million.

9. The Trust is in financial balance (excluding extraordinary new hospital and PFI costs), and this is supported by a cost improvement programme that will deliver a 4.5% efficiency in 2011/12, totalling £15 million.

10. The Trust has secured funding from the PCT to cover the non-recurrent double running/transitional costs in 2011/12 associated with the new hospital.

11. The Trust is fully co-operating with the SHA, DoH and McKinsey in their review of funding options for the extraordinary recurrent costs of the new hospital.

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	☒
Service reconfigurations	☐
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	☒

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

Quality: The Trust's strategic aims and values confirm the prime importance of the quality of patient services. Patient service indicators are contained in the Trust Board integrated performance framework and the Trust's Patient Experience Committee (a committee of the Trust Board) regularly reviews patient experience directly with patient representatives. The Trust supplements national patient survey feedback with locally collected feedback which takes place on an ongoing basis.

The quality of patient care has not been compromised by the new hospital development programme. The design of the new hospital is based on a therapeutic model aimed at enhancing outcomes for patients. Feedback from patients already using the new facility is very positive.

Please provide further relevant local information in relation to the key actions to be taken by the NHS Trust with an identified lead and delivery dates:

Strategic and local health economy issues & service reconfiguration:

(i) review service strategy opportunities to expand services and utilise capacity. The Director of Strategy and Workforce presented Clinical Strategy options to Trust Board on 28 September 2011 with a further Board session planned for 2 November 2011
(ii) in accordance with the Kent & Medway concordat, continue dialogue with the PCT Cluster about the local health economy, clinical strategy, integrated provision across patient services, the service level agreement and demand management. This is ongoing activity involving the Chief Executive, Director of Finance and Director of Strategy & Workforce
(iii) fully participate in the Kent & Medway QIPP; the Trust is represented by the Chief Executive and Director of Finance

Other capital & estates plans (internal reconfiguration and PFI costs):

The extraordinary financial issues arising from the new Tunbridge Wells Hospital, which is PFI funded, and Trust service reconfiguration plans, are being progressed as follows:

(iv) work with the DoH to find a solution to meet the recurrent financial impact of the new hospital. Director Finance is in liaison with SHA and DoH
(v) open the new state of the art Tunbridge Wells Hospital. Move and migration took place week commencing 19 September 2011 led by the Chief Operating Officer

(vi) reconfigure services to create centres of expertise (integral with the above mentioned move and migration)
(vii) develop a Private Patient Unit in the Tunbridge Wells Hospital to give patients additional choice and to support future financial viability; the Unit to due to open on 17 October 2011 and is led by the Chief Operating Officer
(viii) drive forward the Trust's 2011/12 improvement programme. This will achieve a £15m cost efficiency by 31 March 2012 and is being led by the Director of Finance.

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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.

To oversee strategic discussions and service reconfiguration planning across Kent and East Sussex.

Support the Trust through the NHS SEC FT assurance process as well as the on-going monitoring of the management of finance, quality and operational performance. Lead: Regional Director of Provider Development

The SHA is contributing to the national work on PFI and will work with the Trust in resolving the outstanding PFI issues as a result of the national financial review.

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 workstreams	☐
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:

A national financial review of Trusts with a PFI hospital is taking place to gain a common understanding of any issues that might be an obstacle to passing the financial elements of the FT assessment process. Some elements contained within the TFA will be subject to the outcome of this review in enabling any issues outlined in this agreement to be resolved. This will be confirmed on a case by case as the PFI work is completed and communicated.

Work across the public sector to raise awareness of the need for service reconfiguration in the NHS and to provide guidance and support nationally and locally to enable supportive public consultations.

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

Date	Milestone
June 2011	Initial submission IBP and LTFM
November 2011	Trust Clinical Strategy drafted
1 February 2012	First submission IBP and LTFM (strategic preparation)
March 2012	Agreed solution to Trust's new hospital financial challenge confirmed
1 June 2012	Second submission IBP and LTFM (development action identified)
2 October 2012	Third submission IBP and LTFM (readiness to consult)
October 2012	Readiness Board to Board with SHA
November 2012	Consultation begins
November 2012	Formal launch Trust membership scheme
1 February 2013	Fourth submission IBP and LTFM (post consultation revisions)
1 May 2013	Fifth submission IBP and LTFM (ready for assessment)
1 August 2013	Sixth submission IBP and LTFM (final assurance)
September 2013	Formal Board to Board
1 October 2013	Submission to Secretary of State

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.

The SHA assurance process will ensure that the Trust is on target to achieve the FT timeline, including the ability to find a solution to the new hospital/PFI issue.

Each of the submission milestones and the SHA B2Bs are points where the Trusts progress against the eight domains is assessed by the SHA to ensure that appropriate progress has been made to where the Trust is on the assurance timeline. Feedback is provided to the Trust and where appropriate remedial action is taken to ensure the process is kept on track.

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

Project oversight elements of assurance process, augmented by sanctions set out in NHS South East Coast Performance and Intervention policy.

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)

Part 9 – Key risks to delivery

Risk	Mitigation including named lead
Financial viability due to new hospital costs and PFI funding	The extraordinary costs associated with the new hospital at Pembury are under discussion with DoH and SHA – Trust lead is the Director of Finance
Unable to agree service reconfiguration that supports improvements in patient care and the sustainable financial performance of the Trust	• Continued financial modelling and scenario planning using previously commissioned analysis • The development of the Trust's Clinical Strategy linked to the development of the West Kent Clinical Strategy • Continued dialogue with commissioners and other healthcare providers • Continued engagement of Commissioners, GP's and other healthcare partners in the development of the clinical strategy The Trust lead for the production of a clinical strategy and IBP is the Director of Strategy and Workforce.
Changes in the commissioning environment .	Discussions with Commissioners and SHA regarding service configuration, service level agreement and demand management – Trust lead is the Director of Finance
CIP and QIPP efficiencies are not achieved	• Formal improvement programme in place and monitored monthly • Fully participate in local QIPP programme • Joint working within the local health economy, including the establishment of local strategic board (comprising Executive Directors of the Trust, Cluster and SHA) Led by the Director of Finance